

Gray Davis  
Governor

June 29, 1999

**State of California**  
Governor's Office

I object to the following appropriations contained in Senate Bill 160.

Item 0250-001-0001--For support of Judiciary. I reduce this item from \$239,105,000 to \$239,104,000 by reducing:

(c) 30-Judicial Council from \$58,996,000 to \$58,995,000,

and by deleting Provision 6.

I am deleting Provision 6 which would require the Judicial Council to develop and support a strategic committee on drug court strategy in the Judicial Council's drug court program and the Department of Alcohol and Drug Programs (DADP) Partnership Program. The DADP Partnership Program already has an existing committee assigned to determining administration of the Partnership Program, and the Judicial Council administers the drug court program. Therefore, this language is unnecessary because it would create duplicative activities that can best be handled by existing resources and their mutual coordination.

I am reducing \$1,000 from this item to reflect savings that will be achieved based on vetoing Provision 6 of this Item.

Item 0250-101-0001--For local assistance, Judiciary. I reduce this item from \$11,875,000 to \$11,775,000 by reducing the following:

(b) 30.20-California Drug Court Project from \$1,958,000 to \$1,858,000.

I am deleting the \$100,000 legislative augmentation which would have supported establishment of a drug court program in the City of Fontana. This proposal would have created a local exception to the statewide application process to the Department of Alcohol and Drug Programs' Partnership Program and the Judicial Council's drug court program. Such an exception is not conducive to the already existing support program and evaluation system that is in place. However, if the County of San Bernardino wishes to tailor its own drug court program for the City of Fontana, the authority to do so exists pursuant to Chapter 1132, Statutes of 1996.

I am sustaining the \$10,000,000 legislative augmentation to this item for the Equal Access Fund which will provide legal services for indigents in civil matters; however, I am sustaining this augmentation on a one-time basis.

Item 0450-101-0932--For local assistance, State Trial Court Funding. I reduce this item from \$1,776,178,000 to \$1,771,678,000 by reducing:

- (d) 45-Court Interpreters from \$51,619,000 to \$47,119,000.

I am reducing the \$7,000,000 legislative augmentation, which would have increased trial court interpreter compensation from the current level of \$200 per day to \$250 per day, by \$4,500,000 and sustaining \$2,500,000 of the augmentation. This will provide sufficient funding to allow the Judicial Council to ensure certified and registered interpreters are available for trial court criminal proceedings only to avoid criminal trials from being dismissed or re-tried due to lack of available certified interpreters.

Item 0450-111-0001--For transfer by the Controller to the Trial Court Trust Fund. I reduce this item from \$890,370,000 to \$885,870,000.

I am reducing this item to conform to the actions I have taken in Item 0450-101-0932.

Item 0540-001-0001--For support of Secretary for Resources. I revise this item by reducing:

- (a) 10-Administration of Resources Agency from \$4,244,000 to \$3,494,000, and
- (f) Amount payable from the Forest Resources Improvement Fund (Item 0540-001-0928) from - \$1,000,000 to -\$250,000.

I am revising this item to conform to the action I have taken in Item 0540-001-0928.

Item 0540-001-0928--For support of Secretary for Resources. I reduce this item from \$1,000,000 to \$250,000 and revise Provision 1.

I am reducing this item by \$750,000 and sustaining \$250,000 for the Secretary for Resources to develop a detailed strategy on how to best obtain a statewide assessment of the State's natural resources and habitat, and develop a long-term set of priorities and targets for future investment in resource protection and habitat acquisition and preservation. I believe that this effort is meritorious and will be useful in developing and implementing a strategy where growth is welcome in the State and at the same time identify where California's natural resources need to be protected. Because this will be a significant, multiyear effort, I believe that \$250,000 is a sufficient level of resources to begin this important task.

I am revising Provision 1 to conform to this action.

"1. Notwithstanding Section 4799.13 of the Public Resources Code, of the amount appropriated by this item, ~~\$1,000,000~~ \$250,000 shall be used by the Secretary for Resources for the development and publishing of a statewide Conservation and habitat blueprint. The blueprint shall assess the current

condition of the state's natural resources and habitat and establish a long-term set of funding and policy priorities and targets for future for investment in resource protection and habitat acquisition or preservation. On or before January 10, 2000, the Secretary for Resources shall report to the chairs of the fiscal and policy committees of the Legislature on the development of the blueprint and when it anticipates the blueprint will be published.”

Item 0540-103-0001--For local assistance, Secretary for Resources. I reduce this item from \$4,200,000 to \$3,200,000 by deleting:

(c) County of Los Angeles-Tujunga Wash River Parkway (\$1,000,000)

Although this project may be meritorious, I am deleting funding for it to ensure the State maintains a prudent reserve.

Item 0550-005-0001--For support of the Secretary for the Youth and Adult Correctional Agency. I reduce this item from \$1,622,000 to \$622,000 by reducing:

(a) 15-Commission on Correctional Peace Officers' Standards and Training from \$1,622,000 to \$622,000.

and by revising Provision 1.

I am reducing the \$1,200,000 Legislative augmentation for the Commission on Correctional Peace Officers' Standards and Training (CPOST) by \$1,000,000 because I believe the remaining \$200,000 will be sufficient to address the requirements of Chapter 762, Statutes of 1998. While I am strongly supportive of training for state correctional officers, and have provided sufficient funding in the Budget to increase new correctional officer training from 6 to 10 weeks, I believe it is premature to develop a 16 week training curriculum until the issue of further increase in training time has been addressed. I believe it would be prudent to allow CPOST to complete the training review and make recommendations regarding the appropriate number of training hours prior to developing and approving the curriculum.

I am revising Provision 1 to conform to this action.

“1. Of the funds appropriated in this item, ~~\$1,200,000~~ \$200,000 shall be available only to carry out duties assigned to the Commission on Correctional Peace Officer Standards and Training under Chapter 762 of the Statutes of 1998, ~~and to review and approve curriculum for a future expansion of the Basic Correctional Peace Officer Training Academy to 16 weeks per training cohort.~~ Any funds not used for these specific purposes shall revert to the General Fund.

Item 0555-001-0001--For support of Secretary for Environmental Protection. I reduce this item from \$5,710,000 to \$3,710,000 and revise Provision 1 and delete Provision 2.

I am reducing \$1,500,000 of the \$2,000,000 legislative augmentation to implement a trailer bill that would authorize the Deputy Secretary for Law Enforcement and Counsel to enforce laws administered by CalEPA boards and departments. I am, however, supportive of the new enforcement authority provided in the trailer bill, and the \$500,000 of this augmentation I have sustained should be more than adequate to fulfill this new responsibility.

I am revising Provision 1 to conform to this action.

“1. Of the ~~funds amount~~ appropriated in this item, ~~\$2,000,000~~ \$500,000 shall be available only for the implementation of a statute that authorizes the Deputy Secretary for Law Enforcement and Counsel in the office of the secretary to enforce the laws administered by the boards, departments, and office that comprise the California Environmental Protection Agency, provided that 60 days prior to the expenditure of any of these funds, the secretary shall notify the Chair of the Joint Legislative Budget Committee of the secretary’s expenditure plan for the funds.”

I am deleting the \$500,000 legislative augmentation to implement a Presidential Executive Order on environmental justice. The Secretary for Environmental Protection is reviewing the structure, funding, and delivery of environmental programs and therefore this augmentation is premature.

I am deleting Provision 2 to conform to this action.

Item 0555-001-0044--For support of Secretary for Environmental Protection. I revise this item by reducing:

- (b) 20-Special Environmental Programs from \$8,259,000 to \$6,259,000;
- (5) 20.30-Environmental Enforcement (\$1,500,000);
- (6) 20.35-Environmental Justice (\$500,000).

and (d) Amount payable from the General Fund (Item 0555-001-0001) from -\$5,710,000 to -\$3,710,000;

I am revising the schedules in this item to conform to the action I have taken in Item 0555-001-0001.

Item 0650-001-0001--For support of Office of Planning and Research. I delete Provision 1.

I am deleting Provision 1, which would require the Office of Planning and Research to fund the Innovation in Government Project within existing resources. This provision would not allow the Office of Planning and Research to receive reimbursements for this Project from the existing resources of participant departments, which is inconsistent with the Legislature’s intent language in connection with the same project in the Department of General Services, the Department of Motor Vehicles, and the

Franchise Tax Board. Clearly, the Legislature approved moving forward with the project, and Provision 1 conflicts with its intent and approval.

Therefore, because I am in agreement with the Legislature's intent that the Innovation in Government Project be funded within existing resources, I am vetoing the related funding appropriated to the Employment Development Department and the Department of Social Services. Further, I am directing that all five participant departments involved provide reimbursements to the Office of Planning and Research, as necessary to review projects in their area.

Item 0690-101-0001--For local assistance, Office of Emergency Services. I reduce this item from \$1,299,000 to \$1,249,000 by deleting:

- (e) City of Garden Grove-Emergency Operations Center (\$50,000)

I am deleting this legislative augmentation for a generator at the City of Garden Grove Emergency Operations Center. Although this augmentation may be meritorious, I am deleting the funding for it to ensure the State maintains a prudent reserve.

Item 0750-001-0001--For support of Office of the Lieutenant Governor. I reduce this item from \$2,572,000 to \$1,740,000.

I am deleting the \$532,000 legislative augmentation for the Commission for Economic Development. The Commission was created by Chapter 1230, Statutes of 1971, ostensibly to assist in furthering the economic development of the state. Since 1971, other state agencies, including the Trade and Commerce Agency, have been charged with the responsibility for stimulating economic development in the state and funding for this Commission was eliminated in the 1994 Budget Act and has not since been funded.

I am also reducing the \$510,000 legislative augmentation for additional staffing for this Office to \$210,000. This funding will provide for two Principal Assistant positions: one to staff the Lieutenant Governor in his role on the Governor's State Housing Task Force and one to staff the Lieutenant Governor in his capacity as co-chair of the Commission on Building for the 21<sup>st</sup> Century. With this action, I have approved total increases over the prior level of staffing and funding for this Office of almost 25 percent.

Item 0820-001-0001--For support of Department of Justice. I reduce this item from \$239,971,000 to \$238,729,000 by reducing:

- (4) 30-Civil Law from \$87,922,000 to \$87,422,000; and
- (6) 45-Public Rights from \$38,156,000 to \$37,414,000.

I am deleting the \$742,000 legislative augmentation for the Environmental Law Section. I have already proposed augmentations for the Public Rights Division that total over \$4 million, which are sufficient to address the needs of the Public Rights Division, including the Environmental Law Section.

I am also deleting the \$500,000 legislative augmentation to fund the implementation of SB 48, which would create a procedure under which the Attorney General could review a denial by a public agency of a request for disclosure of information under the Public Records Act. While I fully endorse strict compliance with the Public Records Act, there has been no demonstration that this amount would be necessary to implement the legislation. Providing this funding would be premature since this legislation has not been enacted.

Item 0820-101-0001--For local assistance, Department of Justice. I reduce this item from \$7,774,000 to \$6,524,000 by reducing:

- (b) 40-Criminal Law from \$3,855,000 to \$3,355,000;
- (c) 50-Law Enforcement from \$1,000,000 to \$250,000;

and by deleting Provision 3.

I am deleting a \$500,000 legislative augmentation to provide funding for the Family Violence Unit of the County of Merced District Attorney's Office. While I fully support the intent of this program, this is an ongoing program for which funding should be a local responsibility.

I am reducing a \$1,000,000 legislative augmentation for Sexual Assault Felony Enforcement (SAFE) teams by \$750,000. The effect of this action is to approve \$250,000 on a one-time basis to provide grants to local law enforcement agencies on a competitive basis to support SAFE teams. While I fully support the intent of this program, this is an ongoing program for which funding should be a local responsibility

I am deleting Provision 3 which would provide definitions of violence prevention and violence prevention programs, and require the Department to perform evaluations of its local assistance, violence prevention programs to ensure that they meet the definitions, maximize efficiency among programs, and establish meaningful performance goals. New violence prevention programs, which are often intended to address long standing social problems with creative and innovative approaches, is unnecessarily restricted by the predetermined definitions contained in this language.

Item 0845-001-0217--For support of Department of Insurance. I reduce this item from \$102,582,000 to \$101,582,000 by reducing:

- (b) 12-Consumer Protection from \$29,572,000 to \$28,572,000.

This technical veto conforms to the Legislature's intent, and is consistent with the legislative action taken in Item 0845-011-0001, which included a \$4,668,000 General Fund loan to the Insurance Fund which fully funds the Holocaust Era Insurance Claims Project. This veto will eliminate a \$1,000,000 appropriation from the Insurance Fund that was inadvertently left in this item.

Item 0950-001-0001--For support of State Treasurer. I reduce this item from \$5,119,000 to \$5,079,000 by reducing:

- (a) 100000-Personal Services from \$13,721,000 to \$13,579,000; and
- (c) Reimbursements from -\$13,056,000 to -\$12,954,000.

I am deleting the \$142,000 (\$40,000 General Fund and \$102,000 reimbursements) legislative augmentation for the restructuring of the Treasury Program Manager series. There is no question that I value the work performed by all state employees. Moreover, I recognize recruitment and retention of state employees is a widespread concern. However, this issue is more appropriately the responsibility of the Department of Personnel Administration.

Item 1100-301-0001--For capital outlay, California Science Center. I reduce this item from \$788,000 to \$538,000 by reducing:

- (2) 11.00.004-Technology Hall and Hall of Health-Remodel--Preliminary plans, working drawings and construction from \$750,000 to \$500,000.

I am reducing the \$750,000 legislative augmentation for the remodel of Technology Hall and Hall of Health at the California Science Center to \$500,000. While I understand the need to relocate the administrative offices out of the armory related to the K-5 school project, the plans for the office relocation have not been fully developed. I am directing the Science Center to develop a relocation proposal, including justification for the scope, all support and capital outlay costs and schedules. The Science Center is further directed to provide the proposal to the Department of Finance for review by September 15, 1999.

I delete Provision 1 to conform with this action.

Item 1730-001-0001--For support of Franchise Tax Board. I delete Provision 5.

I am deleting Provision 5, which requires the Franchise Tax Board to provide notification to the Legislature upon approval by the Department of Information Technology of a special project report on the Board's acquisition of disaster recovery capability for its mainframe computer applications.

The special project report relating to this program was approved by the Department of Information Technology on June 4, 1999, and was forwarded to legislative committees and staff. Retention of this language would unnecessarily delay this project.

Item 1760-001-0001--For support of Department of General Services. I reduce this item from \$10,735,000 to \$10,535,000.

I am deleting the legislative augmentation of \$200,000 for Capitol Commemorative Seals. Although this project may be meritorious, I am deleting the funding for it to ensure the State maintains a prudent reserve.

Item 1760-001-0666--For support of Department of General Services. I revise this item by reducing:

- (a) Program support from \$521,593,000 to \$521,393,000, and
- (c) Amount payable from the General Fund (Item 1760-001-0001) from -\$10,735,000 to -\$10,535,000.

I am revising this item to conform to the action I have taken in Item 1760-001-0001.

Item 1760-101-0001--For local assistance, Department of General Services. I am reducing this item from \$580,000 to \$230,000 by deleting:

- (a) Bookmobile Vehicles \$350,000.

I am deleting the legislative augmentation of \$350,000 for purchase of bookmobile vehicles in the County of Tulare. Although this augmentation may be meritorious, I am deleting this funding because this is essentially a local responsibility.

Item 1760-302-0001--For capital outlay, Department of General Services. I delete this item and Provision 1.

I am deleting the \$3,000,000 legislative augmentation.

I do not believe it is appropriate to spend \$3,000,000 in additional public funds for construction of a Governor's residence. Instead, I believe private funds should be sought to complete this project.

Item 2240-101-0001--For local assistance, Department of Housing and Community Development. I reduce this item from \$7,354,000 to \$7,054,000 by reducing:

- (a) 20-Community Affairs Program from 113,189,000 to \$112,889,000.

I am sustaining \$500,000 for a specific farmworker housing development in Salinas. The budget also provides \$3,500,000 from the General Fund for the Farmworker Housing Grant program in Item 2240-104-0001 for similar projects, making a total of \$4,000,000 for housing for farm workers and their families. Thus I am deleting the \$300,000 balance of the augmentation for this project.



Item 2240-104-0001--For transfer by the Controller to the Farmworker Housing Grant Fund (0927). I reduce this item from \$5,000,000 to \$3,500,000.

I am reducing the \$3,000,000 legislative augmentation to expand the farmworker housing grant program by \$1,500,000. Including the funds I am sustaining in Item 2240-101-0001, this program will have a total funding level of \$4,000,000 in 1999-00. This is a substantial increase over the funding average of about \$1.2 million per year over the past few years.

Item 2240-105-0001--For transfer by the Controller to the Emergency Housing and Assistance Fund (0985). I delete Provision 1.

I am deleting Provision 1 to conform to the action taken in Item 2240-109-0001.

Item 2240-107-0001--For transfer by the Controller to the Housing Rehabilitation Loan Fund (0929). I reduce this item from \$12,500,000 to \$6,000,000 and revise Provision 1.

I am reducing this \$12,500,000 legislative augmentation for housing rehabilitation, acquisition, and code enforcement activities by \$6,500,000. The \$6,000,000 I am retaining in this item is intended to provide funds for loans for preserving, rehabilitating and building new housing for low-income families. I expect these funds to be used to efficiently leverage federal, local and private-sector funds available for housing. I have not retained funds for local code enforcement programs, pending a review by my Housing Task Force of the priorities for housing funding.

In addition to these funds, the Budget provides \$2,500,000 for predevelopment loans for affordable housing, with a focus on coordinating available housing resources. Moreover, I understand that the federal government has recently modified its policies that threatened to produce large numbers of conversions of low cost rental housing to market rate housing and that it has identified \$40 million for additional assistance to preserve existing low cost housing. This is a positive development, and I strongly encourage the federal government to allocate a more equitable share of resources for low cost housing to California.

I am revising Provision 1 to conform with this action.

“1. The funds transferred by this item shall be utilized for the purposes set forth in Chapter 6.5 (commencing with Section 50660) of Part 2 of Division 31 of the Health and Safety Code for multifamily housing rehabilitation or acquisition, or rehabilitation and acquisition, ~~or for support of local code enforcement programs~~. First priority for the funds shall be the conservation of affordable housing for existing tenants. The funds shall be subject to the following provisions:

(a) Principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear interest at the rate of 3 percent per annum on the unpaid principal balance. At the time of loan closing, the Department of Housing and Community Development, ~~or the local government for code enforcement activities~~, may defer up to 2 percent of the interest rate if necessary to provide

affordable rents to households of very-low and low income. "Affordable rent" for the purposes of this item shall be established by the department to be consistent with the rent limitations imposed by the Low Income Housing Tax Credit Program, as administered by the California Tax Credit Allocation Committee.

(b) For projects receiving low-income housing tax credits, a sponsor may set income limits that match those required under any regulatory agreement entered into with the California Housing Tax Credit Allocation Committee.

(c) The department shall endeavor to achieve a reasonable geographic distribution of these funds and may waive any requirements of Chapter 6.5 (commencing with Section 50660) of Part 2 of Division 31 of the Health and Safety Code and any regulations adopted thereunder that are in conflict with the provisions of this item or that are necessary for prompt and effective implementation of the programs described in this item. Any rule, policy, or standard of general application employed by the department in implementing this section shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) The department may use up to ~~\$800,000~~ \$400,000 of the amount transferred by this item for program administration."

Item 2240-109-0001--For local assistance, Department of Housing Community Development; for transfer by the Controller to the Emergency Housing and Assistance Fund (0985). I delete this item and Provision 1.

I am deleting the \$1,000,000 legislative augmentation and the \$365,000 that the Legislature shifted from the Military Department's armory-based shelter program to this item for the Department of Housing and Community Development's weather-based homeless shelter grant program. I am setting aside these funds for appropriation by subsequent legislation that would expand the availability of the armories as a resource for homeless assistance as well as address the needs for homeless shelter funds in counties without armories. Under existing law, these funds would be distributed pursuant to a formula that takes into consideration the employment rates and relative poverty of the population of a county. All counties would be allocated a share of this amount, whether or not a Department of Military armory also serves the homeless population of that county.

I am also deleting Provision 1 of this item which raises the minimum county grant to \$40,000, in conformance with this action. The existing minimum grant level of \$10,000 is appropriate for the funding level I am retaining for the program.

Item 2660-001-0042--For support of Department of Transportation. I revise this item by deleting Provisions 8 and 15.

I am deleting Provision 8 which prohibits Caltrans from spending any funds for support, right-of-way, acquisition or construction of the 'Hatton Canyon Freeway' on Highway 1, between Carmel River Bridge and State Route 68, except funds necessary to obtain permits. In May, 1999, an amendment to the 1998 State Transportation Improvement Program was approved by the California Transportation Commission (CTC) to delete this project and reprogram the funding for the Route 101 Prunedale

Bypass project. Consequently, this provision is unnecessary. If this project were to be reinstated in future years, existing law already requires Caltrans to obtain these permits before actual construction, making this language duplicative. Additionally, I view this language as inconsistent with Section 167 of the Streets and Highways Code which prohibits legislative selection for transportation projects.

I am deleting Provision 15 which prohibits the Department from spending any funds for right-of-way or for construction of the State Route 58 project in Kern County, until the Department produces reports on the project's effects on local water resources and agriculture. The Department of Transportation is already required by state and federal law to satisfy all local, state, and federal environmental review and permitting requirements and processes. The requirement to perform an agricultural study prior to proceeding with any support or right-of-way activities is a new requirement and represents a substantive change in law which can only be included within a single subject bill, not the budget act. I believe that the CTC has established adequate safeguards to be met prior to the construction of this project and any additional study requirements could delay the project unnecessarily.

Item 2660-101-0001--For local assistance, Department of Transportation. I reduce this item from \$21,000,000 to \$20,000,000 and revise Provision 1.

This legislative augmentation would partially fund the construction of a three-story 850-space parking structure adjacent to the Altamont Commuter Express rail station and the Livermore Valley Center Project by the City of Livermore. This project benefits a local public/private hotel and commercial space development more than parking for train riders. The budget includes \$14 million that I proposed in the May Revision for a new engine and cars which will expand capacity for the Altamont Commuter Express by 50 percent and more directly serve the needs of commuters. Additionally, to the extent that the garage serves commuters, it should be included in the Regional Transportation Improvement Plan and proposed for funding through the normal transportation project budgeting process. As such, I view this augmentation as project-specific budgeting by the Legislature, which is inconsistent with Section 167 (e) of the Streets and Highways Code.

I am revising Provision 1 to conform to this action.

“1. Of the amount appropriated in this item, \$14,000,000 shall be used for grants for the purchase of rolling stock for the Altamont Commuter Express, ~~\$1,000,000 shall be used by the City of Livermore for the construction of a parking lot adjacent to the Altamont Commuter Express rail system,~~ and \$6,000,000 shall be used for assistance to local government ferry operators in the San Francisco Bay Area in acquiring additional ferry boats. The Department of Transportation shall award one or more grants for ferry boats on a competitive basis. The availability of matching funds may be used as one means of ranking proposals.”

Item 2660-103-0001--For local assistance, Department of Transportation. I delete this item.

I am deleting the legislative augmentation of \$200,000 for allocation to the City of West Covina to purchase vacant property adjacent to Interstate 10 to use as an additional Park-n-Ride site. This

project would be eligible for funding through the State Transportation Improvement Program (STIP); and thus there is no need to use General Fund for this project. Because this project is eligible for funding through the STIP, I view this as project-specific budgeting by the Legislature, which is inconsistent with Section 167 (e) of the Streets and Highways Code.

Item 2660-104-0001--For local assistance, Department of Transportation. I reduce this item from \$1,630,000 to \$835,000 by reducing:

(a) 20.30-Local Assistance Grants from \$1,630,000 to \$835,000 by deleting \$795,000 for the following projects:

- (1) City of Firebaugh, Street Sweeper Purchase (125,000)
- (2) City of McFarland Bus Stop Installation (25,000)
- (4) Bay Area Rapid Transit Mitigation Work in Millbrae School District (475,000)
- (6) Crescent City Airport Renovation (70,000)
- (7) State Highway 62 Repair (100,000)

I am deleting \$795,000 for five local assistance grants in this item. The legislative augmentations for the City of McFarland Bus Stop Installation (\$25,000), the Crescent City Airport Renovation (\$70,000), and the State Highway 62 Repair (\$100,000) should have been considered for inclusion in the State Transportation Improvement Program (STIP), and thus it is inappropriate to use the General Fund as a funding source. Since these projects are eligible for the STIP, I view their designation in this item as project-specific budgeting by the Legislature, which is inconsistent with subdivision (e) of Section 167 of the Streets and Highways Code. Additionally, I object to inclusion of \$125,000 for a street sweeper for the City of Firebaugh on the basis that routine maintenance of local streets should remain exclusively a local responsibility. I am deleting the legislative augmentation of \$475,000 to Millbrae Elementary School District to fund district revenue decreases associated with declining enrollment in the district due to construction related to the BART expansion to the airport. Current law allows districts a one-year "hold-harmless" provision, called the declining enrollment adjustment, for districts which experience a loss of students. Millbrae Elementary School District is eligible for and will automatically receive this funding, which allows school districts to receive funding based upon the greater of current year or prior year average daily attendance numbers, in order to allow the district sufficient time to make the necessary budget changes to accommodate permanent enrollment decreases. One year should be sufficient time for Millbrae Elementary School District to adjust expenditure levels to reflect the provision of services to fewer students.

Item 2660-301-0042--For capital outlay, Department of Transportation. I delete Provision 3.

Provision 3 identifies the source of revenues for the appropriation of the \$22 million in this item for rail capital improvements. The definition of the revenue source referenced in this provision was to be established through separate legislation. However, these references no longer exist in the proposed legislation, rendering this provision meaningless.

Item 2740-001-0044--For support of Department of Motor Vehicles. I delete Provision 3.

I am deleting Provision 3 because this language is unduly restrictive and interferes with executive branch discretion regarding the implementation and continuation of new information technology projects. Detailed departmental assessments of Year 2000 readiness should proceed as currently planned, and a decision should be made on a case-by-case basis as to whether critical information technology projects can proceed, pending completion of Year 2000 related activities. This is consistent with my action taken on Section 11.10.

Item 2920-001-0001--For support of Trade and Commerce Agency. I reduce this item from \$26,040,000 to \$25,555,000 by reducing:

- (a) 10-Economic Development from \$10,459,000 to \$10,359,000,
- (d) 30-Tourism from \$8,581,000 to \$8,196,000.

I am deleting the legislative augmentation of \$100,000 to study the economic benefits of an Inland Empire distribution center. The general feasibility of extending ship-going freight breakdown and repacking activities to the Inland Empire has already been studied by Caltrans at the Legislature's request. This study of a private freight distribution center would be more appropriately funded through private resources.

I am reducing by \$385,000 the legislative augmentation of \$950,000 for the California Film Commission. I am retaining \$565,000 to provide assistance to film companies seeking California locations through the use of the CinemaScout computerized location database, by working to provide permits for film companies to use state property quickly and providing more assistance to local film liaisons. I am vetoing the remaining funds at this time until the need for them has been clearly demonstrated.

Item 2920-101-0001--For local assistance, Trade and Commerce Agency. I reduce this item from \$26,453,000 to \$22,903,000 by reducing.

- (a) 10.30 Economic Development (Strategic Technology Program) from \$21,088,000 to \$17,788,000;

and by deleting:

- (d) 40 - Contracts, Grants and Loans (\$250,000);

and by deleting Provision 3 as a conforming action.

I am deleting the \$150,000 General Fund augmentation for support of a San Bernardino Regional Technology Alliance. Regional technology alliances conduct peer reviews of applications for the Manufacturing Technology Grant program and provide assistance to regional manufacturing concerns

developing new technology. Regions should compete on an equitable basis for creation of new technology alliances through the Trade and Commerce Agency process rather than being provided earmarked funding.

I am also reducing the California Unified Space Development program by \$3,150,000 and deleting Provision 3 that allocates these funds as a conforming action. However, I am enthusiastic about the emerging commercial space flight industry that has the potential to add materially to California's economy and therefore sustaining only the appropriations of \$1,250,000 for the California Space Flight Competitive Grant Program administered by the California Space and Technology Alliance, \$1,100,000 for the Highway to Space Competitive Grant Program administered by the Western Commercial Space Center, and \$1,000,000 for efforts to attract the VentureStar reusable launch vehicle project to a California site.

While I applaud the efforts of industry groups and local and regional government entities in providing direction to the development of this industry, however, there is a need to improve California's competitiveness with respect to other states and countries by establishing a more focused strategy for state government involvement. Before committing to an expansion of funding, legislation is needed which better articulates state government's goals and role in stimulating the development of this unique industry.

I am deleting the \$250,000 augmentation for the California Institute for Federal Policy Research, a private, non-profit organization. These funds would provide support to the institute for policy research, a cash reserve for contingencies, and the implementation of a "California House" in Washington, DC. It is appropriate for state funds to be used to support California's official presence on federal policy issues through the Governor's Washington, DC office.

Item 2920-111-0001--For transfer, upon order of the Director of Finance, to the California Infrastructure and Economic Development Bank Fund (0649). For local assistance, California Trade and Commerce Agency. I delete Provision 1.

I am deleting Provision 1 that makes expenditure of the \$425 million appropriated to the California Infrastructure and Economic Development Bank in this item contingent on enactment of a trailer bill.

AB 1661 appears to be the trailer bill that Provision 1 refers to, but the bill also includes a program to provide ongoing financial assistance for general local government purposes. The Infrastructure Bank program is already authorized in statute, and the provisions of AB 1661 are not essential with respect to the Bank. By linking the availability of these funds appropriated in the budget to the approval of this legislation, the Legislature has attempted to constrain my constitutional authority should I choose to veto AB 1661. While I am approving the \$150 million one-time appropriation in Item 9210-118-0001 for local government in this budget, consideration of ongoing funding for local government should occur in the context of a broader local government discussion. I cannot be required to sign AB 1661 in order to preserve the availability of the funds appropriated in this item of the Budget Bill.

Tying the availability of the funds appropriated in the budget bill to separate legislation, which is unnecessary to authorize the expenditures contemplated in the budget bill, conflicts with the provisions of the State Constitution.

Item 3340-001-0001--For support of California Conservation Corps. I reduce this item from \$33,807,000 to \$32,195,000 by reducing:

(a) 10-Training and Work Program from \$40,911,000 to \$39,299,000,

and by deleting Provision 5.

I am reducing this item by \$1,612,000 for the Bay Area Ridge Trail Project. Although this project may be meritorious, I am deleting funding for it to ensure the State maintains a prudent reserve.

I am deleting Provision 5 to conform to this action.

Item 3360-001-0001--For support of Energy Resources, Conservation and Development Commission. I reduce this item from \$5,000,000 to \$4,000,000.

I am reducing this item by \$1,000,000 and sustaining \$4,000,000 for a diesel emissions incentive program. This augmentation, together with the actions I am taking in the Air Resources Board budget, represents a considerable \$23 million investment in this program, which represents a sufficient increase within available resources.

Item 3360-001-0465--For support of Energy Resources, Conservation and Development Commission. I revise this item by reducing:

(c) 30-Development from \$93,827,000 to \$92,827,000;

(fx) Amount payable from the General Fund (Item 3360-001-0001) from -\$5,000,000 to -\$4,000,000;

and by revising Provision 3.

I am revising Provision 3, which specifies the allocation of the amount appropriated in Item 3360-001-0001 for the diesel emissions incentive program, to conform with my action taken in Item 3360-001-0001.

“3. Of the funds appropriated in Schedule (fx), ~~\$5,000,000~~ \$4,000,000 shall be expended for the support of the Diesel Emissions Incentive Program. Of this amount, ~~\$2,500,000~~ \$2,000,000 shall be used for advanced technology projects and ~~\$2,500,000~~ \$2,000,000 shall be used for alternative fuels infrastructure.”

I am sustaining Provisions 1 and 2 which requires the Energy Resources, Conservation and Development Commission to evaluate the efficacy of the State's Renewable Energy Resources Program. I am also sustaining Provision 5, which requires the Commission to prepare a plan regarding the post-transition administrative structure to achieve cost-effective energy efficiency and conservation in the State's energy markets. I believe that both reports will be useful. However, the reporting requirements outlined in these provisions fall short of providing a complete, objective assessment of the affected programs. The provisions prejudice the evaluations by assuming program continuation without first providing consideration for whether there is a need for the programs. Additionally, the provisions do not provide for adequate independent review to ensure the studies are valid, reliable, statistically sound, and based on performance measures. Therefore, I am directing the California Energy Commission to include these factors in the evaluations.

I am revising this item to conform to the action taken in Item 3360-001-0001.

Item 3360-102-0001--For local assistance, Energy Resources, Conservation and Development Commission. I reduce this item from \$1,342,000 to \$600,000 by deleting:

- (a) Ventura County Air Pollution Control District--Clean Fuel Vehicles (\$250,000);
- (e) Santa Cruz Metropolitan Transit District--Alternative Fuel Program (\$100,000); and
- (f) Kern County--Convert Traffic Pedestrian Light to LED (\$392,000).

Although these projects may be meritorious, I am deleting the funding at this time for these three projects to ensure the State maintains a prudent reserve.

Item 3480-102-0001--For local assistance, Department of Conservation. I delete this item.

I am deleting the \$150,000 legislative augmentation for a local assistance grant to the City of Irwindale for the Manning Pit Reclamation project. Funding the reclamation of this city-owned abandoned mining site is a local responsibility. Additionally, it is my understanding that not all of the funds to complete the project have been committed, and there may be significant costs in future years. I am concerned about the precedent of providing state funding for this potentially costly local responsibility.

Item 3540-001-0001--For support of Department of Forestry and Fire Protection. I revise this item by reducing:

- (b) 300000-Operating expenses and equipment from \$169,737,000 to \$168,237,000; and
- (o) Amount payable from the Forest Resources Improvement Fund (Item 3540-001-0928) from - \$17,189,000 to -\$15,689,000;

and by deleting Provisions 4 and 5.



I am deleting Provision 4 which directs the Department of Forestry and Fire Protection to reactivate a fire crew at the Delta Conservation Camp to perform fire prevention and presuppression activities in the East Bay. As part of the California Fire Plan, the Department already assists communities in identifying prefire management projects that reduce total costs and losses from a major fire. Consequently, I have sustained the legislative augmentation of \$220,000 to allow the Department to begin an assessment of the need for more firecrews in the East Bay.

I am deleting Provision 5 which would authorize the Department to begin a site selection process for a new fire camp in the Santa Clara Ranger Unit. I am not aware of any critical need for a new fire camp in the Santa Clara Ranger Unit. Given that the Department is fully staffed for its initial attack efforts, I question the need for additional fire camps. Moreover, a statewide assessment of fire camp needs should be conducted prior to selecting sites for any new fire camps.

I am revising this item to conform to the action I have taken in Item 3540-001-0928.

Item 3540-001-0928--For support of Department of Forestry and Fire Protection. I reduce this item from \$17,189,000 to \$15,689,000 and revise Provision 5.

I am reducing this item by \$1,500,000 which provides that a fuel load reduction program be carried out by the California Conservation Corps and certified local community conservation corps. The Department of Forestry and Fire Protection does not have an expenditure plan for the use of these funds. I believe, however, that there is some need to increase the Department's fuel load reduction efforts for fire prevention purposes. Consequently, I am sustaining \$500,000 and directing the Department to address the most critical areas in need of fuel load reduction and, where possible, to use the services of the state and local conservation corpsmember crews.

I am also revising Provision 5 to conform with the reduction I have made in this item and because it is unnecessarily restrictive and hinders the ability of the Department to achieve its goals related to wildland fire suppression.

"5. Notwithstanding Section 4799.13 of the Public Resources Code, of the amount appropriated in this item, ~~\$2,000,000~~ \$500,000 shall be available for a fuel load reduction program to reduce the damage from wildfires spreading into urban areas. ~~To carry out this program, the Department of Forestry and Fire Protection shall use up to \$1,000,000 of these funds to contract for the services of the California Conservation Corps and not less than \$1,000,000 for grants to certified community conservation corps.~~"

Item 3560-001-0001--For support of State Lands Commission. I reduce this item from \$11,407,000 to \$11,342,000 by reducing:

(b) 20-Land Management from 6,803,000 to \$6,738,000,

and by deleting Provision 3.

I am deleting the \$65,000 legislative augmentation for the museum display of artifacts recovered from the Brother Jonathan shipwreck. Although this project may be meritorious, I am deleting the funding for it to ensure the State maintains a prudent reserve.

I am also deleting Provision 3 to conform to this action.

Item 3600-001-0001--For support of Department of Fish and Game. I reduce this item from \$35,128,000 to \$34,128,000.

I am deleting the legislative augmentation of \$1,000,000 and five biologist positions and five botanist positions. No specific workload has been identified to support the need for these positions at this time. The Department has identified a significant number of vacancies in comparable classifications that will be filled in the near future. The 1998 Budget Act also provided \$1.2 million to increase operational support for field biologists. The programmatic efficacy of the 1998-99 funding augmentation and filling the vacant positions should be assessed before consideration is given to any additional increases.

Item 3600-001-0200--For support of Department of Fish and Game. I revise this item by reducing:

- (a) 20-Biodiversity Conservation Program from \$73,641,000 to \$72,641,000; and
- (i) Amount payable from the General Fund (Item 3600-001-0001) from -\$35,128,000 to -\$34,128,000.

I am revising this item to conform to the action I have taken in Item 3600-001-0001.

Item 3600-102-0001--For local assistance, Department of Fish and Game. I reduce this item from \$360,000 to \$350,000 by deleting:

- (2) 20.01-Calaveras County: New Hogan Lake Conservancy (\$10,000).

Although this project may be meritorious, I am reducing the funding for it to ensure the State maintains a prudent reserve.

Item 3640-301-0001--For capital outlay, Wildlife Conservation Board. I reduce this item from \$34,100,000 to \$33,100,000 by reducing:

- (2) 80.10-Wildlife Conservation Board Projects (Unscheduled) from \$19,500,000 to \$18,500,000.

I am strongly supportive of additional funding for acquisitions aimed at protecting wildlife habitat. However, I am making this modest reduction in the Board's funding to ensure the State maintains a

prudent reserve. Overall, the Budget Act provides \$158 million for wildlife habitat, land conservation, and public access to our State's natural resources.

Item 3680-101-0001--For local assistance, Department of Boating and Waterways. I delete this item and Provisions 1 and 2.

I am deleting the legislative augmentation of \$3,500,000 for beach erosion control projects. This program activity is typically not funded from the General Fund. However, I am sustaining \$500,000 from the Harbors and Watercraft Revolving Fund (Item 3680-101-0516) for this purpose.

I am deleting Provision 1 to conform to my action in this item.

I am also deleting the legislative augmentation of \$12,000,000 for port dredging projects. The port and harbor authorities have the ability to generate operating revenue from their port activities. This legislative augmentation would constitute a subsidy for a revenue generating enterprise, which I do not believe is appropriate.

I am also deleting Provision 2 to conform to this action.

Item 3680-101-0516--For local assistance, Department of Boating and Waterways. I reduce this item from \$58,254,000 to \$55,134,000 by reducing:

- (a) 10-Boating Facilities from \$59,952,000 to \$47,832,000 by revising and deleting the following subschedules:

Launching Facility Grants from (18,286,000) to (18,166,000)

- (33) Kern County: Lake Isabella patrol boat dock and covering (120,000);  
Port Dredging Grants (12,000,000)

Port Dredging Grants (12,000,000)

- (c) 30-Beach Erosion Control from \$7,255,000 to \$755,000;

by deleting:

- (cx) Amount payable from the General Fund (Item 3680-101-0001) (-\$15,500,000);

and by revising Provision 3.

I am reducing this item by \$3,000,000 for the beach erosion control project and \$120,000 for the Kern County Lake Isabella project due to inadequate revenues in the Harbors and Watercraft Revolving

Fund to fund these projects. This action is necessary to continue funding for previously approved projects.

I am revising Provision 3 to conform to this action.

“3. Of the amount appropriated in Schedule (c), ~~\$500,000~~ ~~\$7,000,000~~ is for one-time funding of beach erosion control programs. ~~Of the amount specified in this provision, \$3,500,000 is funded by the Harbors and Watercraft Revolving Fund, and \$3,500,000 is funded by the General Fund.~~ Of the amount specified in this provision, 60 percent shall be available for allocation by the Department of Boating and Waterways for projects south of the point at which the Pacific Ocean meets the border between the County of San Luis Obispo and County of Monterey and 40 percent shall be available for allocation to projects located north of that point. Prior to the allocation of any of these funds, the department shall develop guidelines that include application requirements and criteria, consistent with the Resources Agency’s policies for shoreline erosion protection.”

I am revising this item to conform to the action taken in Item 3680-101-0001.

Item 3760-302-0001--For capital outlay, State Coastal Conservancy. I reduce this item from \$46,435,000 to \$38,750,000 by reducing:

(1) 80.97.030-Conservancy Programs from \$46,435,000 to \$38,750,000,

and by revising Provision 3.

Since the State Budget includes approximately \$158 million for conservancy programs and wildlife habitat preservation, I am deleting or reducing \$7,685,000 in legislative augmentations from this item at this time to ensure the State maintains a prudent reserve. I am deleting funding for the following projects: Big Sur Scenic View Shed acquisition (\$900,000), Capitola Wharf Public Access Project Rehabilitation (\$285,000), and Monterey County Window by the Bay (\$1,000,000). I am reducing the following projects: Elysian Valley from \$5,000,000 to \$1,500,000 and Mendocino Coast acquisitions from \$5,000,000 to \$3,000,000.

I am revising Provision 3 to conform to this action.

“3. The funds available in this item are available for activities consistent with Division 21 (commencing with Section 31000) of the Public Resources Code for the following projects: Association of Bay Area Governments: S.F. Bay Trail \$2,500,000; City of Seal Beach: Ocean Water Quality Program, \$150,000; City of Seal Beach planning, design, and construction of debris boom, \$300,000; Bay Area Conservancy, \$10,000,000; Palo Corona Ranch, \$5,000,000; Union Point Park, \$1,500,000; Otay River Valley acquisition, \$3,250,000; Gaviota Coast acquisition, \$5,000,000; City of Maywood: Maywood River Park, \$1,800,000; Elysian Valley, ~~\$5,000,000~~ ~~\$1,500,000~~; Mendocino Coast acquisitions, ~~\$5,000,000~~ ~~\$3,000,000~~; Tijuana River Valley acquisition, \$2,000,000; Bolina Lagoon restoration, \$1,500,000; ~~Big Sur Scenic View Shed acquisition, \$900,000; Capitola Wharf~~

~~Public Access Project Rehabilitation, \$285,000; Chollas Creek projects, \$1,250,000; and Monterey County: Window by the Bay, \$1,000,000.”~~

Item 3790-001-0001--For support of Department of Parks and Recreation. I reduce this item from \$66,876,000 to \$66,676,000 and delete Provision 1.

I am deleting the \$200,000 legislative augmentation to undertake a study of the best ecological management of the Pescadero Marsh Natural Preserve. Although this project may be meritorious, I am deleting funding for it at this time to ensure the State maintains a prudent reserve.

I am deleting Provision 1 to conform to this action.

Item 3790-001-0392--For support of Department of Parks and Recreation. I revise this item by reducing:

- (a) For support of the Department of Parks and Recreation from \$194,219,000 to \$194,019,000, and
- (c) Amount payable from the General Fund (Item 3790-001-0001) from -\$66,876,000 to -\$66,676,000.

I am revising this item to conform to the action taken in Item 3790-001-0001.

Item 3790-101-0001--For local assistance, Department of Parks and Recreation. I reduce this item from \$55,783,000 to \$47,452,000 by reducing:

- (a) 80.25-Recreational Grants from \$55,783,000 to \$47,452,000,

by deleting \$6,106,000 for the following subschedules:

- (3) City of Anaheim: Rehabilitate Hansen Park and School Children's Playground (150,000)
- (4) City of Anaheim: Rehabilitate Maxwell Park's Playground (100,000)
- (6) Antelope Valley High School District: Agricultural Vocational Center (350,000)
- (11) City of Buena Park: Bellis Park Renovations (150,000)
- (14) Carmichael Recreation and Park District: Renovation and Remodel for the Carmichael Park Swimming Pool (50,000)
- (27) East Bay Regional Park District: Finish Iron Horse Trail (275,000)
- (32) City of Folsom: Bicycle/Pedestrian Bridge (75,000)
- (45) City of Garden Grove: Replace Marquee Sign at Garden Grove Gem Theater (25,000)
- (47) City of Garden Grove: Upgrade Village Green Amphitheater (250,000)
- (57) Highway 50 Association: Funding for Historic Wagon Train Activities (5,000)

- (59) Jurupa Park and Recreation District: Memorial Park Swimming Pool Rehabilitation or Construction (200,000)
- (60) Jurupa Park and Recreation District: Paramount Park (150,000)
- (61) Jurupa Park and Recreation District: Rehabilitation of Memorial Park Community Center (200,000)
- (70) City of Lancaster: National Soccer Center Activity Building (200,000)
- (71) City of Lancaster: Antelope Valley Fairgrounds Exhibit Hall (800,000)
- (72) City of Lancaster: Land Acquisition for YMCA/Lancaster Park (450,000)
- (90) Los Angeles County: Hanson Dam Skateboard Park Construction (141,000)
- (95) Mariposa County: Construction of paved walkways, parking, restrooms, and information outlets (125,000)
- (102) City of Norco: Ingall Regional Park (200,000)
- (104) North Highlands Recreation and Park District: Youth Center at McClellan Airbase (20,000)
- (105) City of North Hollywood: Valley View Park Improvements (100,000)
- (110) Orangevale Recreation and Park District: Upgrades and ADA Compliance to the Orangevale Community Park (65,000)
- (113) City of Pomona: Community Center at Central Park-Funds for Design and Building (200,000)
- (114) City of Pomona: Harrison Park (200,000)
- (123) County of Sacramento: Bank Stabilization Project at Discovery Park (100,000)
- (125) San Benito County: Veterans Memorial Park (100,000)
- (126) San Benito Youth Services: Youth Center Land Acquisition (25,000)
- (142) City of San Fernando: Renovation and Construction Projects at Brand Park (450,000)
- (146) City and County of San Francisco: Edgehill Mountain Open Space Park acquisition (300,000)
- (167) City of Scotts Valley: Civic Center renovation (25,000)
- (173) Sunrise Park and Recreation District: Play Equipment and Surfacing Material at Antelope Station Park and Blue Oak Park (100,000)
- (177) Tulare County: Creation of the Tulare Santa Fe Trail (250,000)
- (178) Tuolumne County: Funding to Repair Check Dams in the Emigrant Wilderness Area (25,000)
- (185) City of Yucaipa: Community Swimming Pool (250,000)

and by reducing \$2,125,000 from the following subschedules:

- (13) City of Campbell: Heritage Theater Restoration Project from \$500,000 to \$250,000;
- (31) City of El Monte: Durfee Recreational Facility Project from \$800,000 to \$300,000;
- (97) Mission San Juan Capistrano Preservation Society: Mission San Juan Capistrano Restoration from \$2,000,000 to \$1,000,000;
- (106) City of Oakland: Conduct Engineering Study for the Concrete Walls Surrounding Lake Merritt from \$750,000 to \$500,000; and

- (183) City of Westminster: Little Saigon Cultural Heritage Museum from \$250,000 to \$125,000.

Although these projects may be meritorious, I am deleting and reducing the funding for them to ensure the State maintains a prudent reserve. The reduction to subschedule (31) City of El Monte: Durfee Recreational Facility Project is to reflect an appropriate level of state participation in the project.

I am also deleting \$100,000 for the City of Fresno: Replacement Underground Storage Tank of the Historic Van Ness Chevron (subschedule (39)) in Fresno because removal of underground storage tanks is the responsibility of the property owner. Additionally, by law, public and private property owners were required to remove underground storage tanks by December 1998.

Item 3790-301-0263--For capital outlay, Department of Parks and Recreation. I reduce this item from \$10,815,000 to \$10,814,000 by reducing:

- (3) 90.RS.414-Guzman Ranch Project--Acquisition and Study from \$5,305,000 to \$5,304,000, and by deleting Provision 3.

I am reducing this item by \$1,000 and deleting Provision 3, which would require the Department of Parks and Recreation to notify the Legislature which property would be acquired for the Fresno Area Off-Highway Recreation Area not less than 30 days prior to the acquisition. The Budget already includes funding in this item to specifically purchase the Guzman property in Madera County for the Fresno Area Off-Highway Recreation Area. Therefore, this notification is redundant and unnecessary.

Item 3790-302-0001--For capital outlay, Department of Parks and Recreation. I reduce this item from \$20,697,000 to \$11,447,000 by reducing:

- (1.1) 90.9H.120-Colonel Allensworth State Historic Park: Restorations--Preliminary plans, working drawings, and construction from \$12,000,000 to \$4,000,000;
- (1.2) 90.CO.402-Henry W. Coe State Park: Mt. Hamilton--Acquisition from \$2,000,000 to \$1,000,000;

by deleting:

- (1.3) 90.5N.411-Mount Diablo State Park: Open Space--Acquisition (250,000);

and by deleting Provision 1.

Although these projects may be meritorious, I am deleting or reducing \$9,250,000 in legislative augmentations from this item to ensure the State maintains a prudent reserve.

Item 3860-002-0001--For support of Department of Water Resources. I reduce this item from \$3,000,000 to \$1,000,000 by reducing:

- (a) 10-Continuing Formulation of the California Water Plan from \$3,000,000 to \$1,000,000, and by revising Provision 1.

I am reducing this item because the multiyear appropriation provided in this augmentation is not consistent with Section 2 of the Budget Act, which provides that unless otherwise specified (such as capital outlay), the appropriations in the Budget Act are to be one year in nature. While I support the concept of updating the State's inventory of groundwater resources, and have retained \$1,000,000 in this item to begin that process, I believe the Department of Water Resources should submit a comprehensive multiyear plan for the updating of Bulletin 118-80 that addresses the future year costs of this effort.

I am revising Provision 1 to conform to this action.

"1. Of the amount appropriated in this item, \$1,000,000 shall be used ~~annually, in each of the 1999-00, 2000-01, and 2001-02 fiscal years,~~ to pay for the statewide update of the inventory of groundwater basins contained in Bulletin 118-80, which includes, but is not limited to, the following: the review and summary of boundaries and hydrographic features, hydrogeologic units, yield data, water budgets, well protection characteristics, and water quality and active monitoring data; development of a water budget for each groundwater basin; development of a format and procedures for publication of water budgets on the Internet; development of the model groundwater management ordinance; and development of guidelines for evaluating local groundwater management plans."

Item 3860-101-0001--For local assistance, Department of Water Resources. I reduce this item from \$8,000,000 to \$7,000,000 by reducing:

- (a) 30.20-Flood Control Subventions from \$2,000,000 to \$1,000,000.

I am reducing the \$2,000,000 legislative augmentation to fund local flood control projects authorized in the Flood Control Subventions Program to \$1,000,000. I note that \$44,000,000 is already appropriated for fiscal year 1999-00 for local flood control subventions and believe that additional state funding should include programmatic reforms that reexamine the State's role in funding these projects.

Item 3860-201-0001--For local assistance, Department of Water Resources. I reduce this item from \$9,025,000 to \$5,725,000 by deleting:

- (e) City of Chico-Flood Study (\$100,000),
- (g) Colusa Basin Drainage District (\$3,000,000),



and by reducing:

- (i) Bethel Island Municipal District-Levees from \$250,000 to \$100,000,

Although these projects may be meritorious, I am deleting and reducing the funding for them to ensure the State maintains a prudent reserve.

I am also deleting the \$50,000 legislative augmentation for the Anaheim Bay/Pacific Coast Highway debris removal project (Schedule (b)) because this is an issue which should be resolved between the City of Seal Beach and the California Department of Transportation. I am also directing the Department of Transportation to remove any debris for which it is responsible from the property at issue.

I delete Provision 1 to conform to this action.

Item 3900-001-0001--For support of State Air Resources Board. I reduce this item from \$30,334,000 to \$29,334,000 and revise Provision 3.

I am reducing \$1,000,000 of the \$6,000,000 legislative augmentation to provide grants for the purchase of new, low-emission technology for heavy-duty engines. Although this program is very important, this reduction is necessitated by the need to maintain a prudent reserve. Nevertheless, the \$5 million sustained in this item, when combined with \$14 million from a settlement with diesel engine manufacturers and \$4 million in the Energy Commission's budget, provides a total of \$23 million for the program. In addition, I am deleting language that would tie this augmentation to specific legislation. However, I am amenable to considering legislation that would establish this type of program in statute.

I am revising Provision 3 to conform to this action. This provision needs to be revised to conform the dollar amount and delete the language tying the money to legislation.

“3. Of the amount appropriated in this item, ~~\$6,000,000~~ \$5,000,000 shall be used for the Diesel Emissions Incentives Program, ~~and shall only be available for expenditure if legislation that establishes the Carl Moyer Memorial Air Standards Program is enacted by January 1, 2000.~~”

Item 3900-001-0044--For support of State Air Resources Board. I revise this item by reducing:

- (a) 15-Mobile Source from \$90,420,000 to \$89,420,000
- (f) Amount payable from the General Fund (Item 3900-001-0001) from -\$30,334,000 to -\$29,334,000.

I am revising the schedules in this item to conform to the actions I have taken in Item 3900-001-0001.

Item 3900-001-0115--For support of State Air Resources Board. I revise Provision 1.

I am revising Provision 1 because it would tie the expenditure of \$14 million in this item to the enactment of specific legislation. Although the Air Resources Board already is implementing a diesel emissions incentive program under its basic statutory authority, I am willing to consider legislation that would establish this program specifically in statute.

“1. Of the amount appropriated in this item, \$14,000,000 shall be used for the Diesel Emissions Incentives Program, ~~and shall be contingent on the availability of funds from a settlement with diesel engine manufacturers and the enactment of legislation by January 1, 2000, that establishes the Carl Moyer Memorial Air Standards Program.~~”

Item 3900-101-0044--For local assistance, State Air Resources Board. I reduce this item from \$15,111,000 to \$7,511,000 by reducing:

(a) 35-Subvention from \$15,111,000 to \$7,511,000,

and by deleting Provision 1.

I am deleting the \$7,600,000 legislative augmentation to provide additional financial assistance to local air pollution control districts for enforcement and compliance activities. Local air pollution control districts have the authority to charge fees to cover their administrative costs.

I am deleting Provision 1 to conform to this action.

Item 3930-001-0001--For support of Department of Pesticide Regulation. I reduce this item from \$13,246,000 to \$11,246,000 by reducing:

(b) 17-Enforcement, Environmental Monitoring and Data Management from \$28,811,000 to \$26,811,000,

and by revising Provision 1.

I am reducing \$2,000,000 of the \$3,000,000 legislative augmentation for the Pest Management Alliance Program, which provides grants for demonstration projects that promote reduced-risk pest management practices. The \$1,000,000 sustained in this item, when combined with \$500,000 budgeted in the Food Safety Account, will provide total program resources of \$1,500,000, which equals the amount expended in each of the past two years. This action is necessary to ensure a prudent reserve

I am revising Provision 1 to conform to this action.

“1. Of the amount appropriated in this item, ~~\$2,700,000~~ \$900,000 shall be used for grants administered through the Pest Management Alliance Program, and ~~\$300,000~~ \$100,000 for administration of the program.”

Item 3940-001-0001--For support of State Water Resources Control Board. I reduce this item from \$59,639,000 to \$56,239,000 by reducing:

(a) 10-Water Quality from \$337,763,000 to \$334,363,000,

and by deleting Provisions 3, 4, and 8 and revising Provision 7.

I am reducing \$3,000,000 of the \$4,000,000 legislative augmentation for ambient surface and groundwater quality monitoring in order to ensure a prudent reserve. This leaves a net augmentation of \$1,000,000, which essentially doubles existing funding available for this meritorious effort.

I am revising Provision 7 to conform to this action.

“7. Of the amount appropriated in this item, ~~\$1,000,000~~ \$250,000 shall be allocated to expand the existing toxicity testing program to test all priority watersheds identified by the State Water Resources Control Board in its annual priority watershed list where such testing would be beneficial; ~~\$1,000,000~~ \$250,000 shall be allocated to expand the existing Toxic Substances Monitoring Program, the State Mussel Watch Program, and the Coastal Fish Contamination Study; and ~~\$2,000,000~~ \$500,000 shall be allocated to contract with the United States Geological Service to monitor groundwater basins on a rotating basis.”

I am deleting the \$400,000 legislative augmentation for completion of Phase I of the California Inland Waters Plan and the Bays and Estuaries Plan, because this activity already is being accomplished with existing resources.

I am deleting Provision 8 to conform to this action.

I am sustaining, on a one-time basis, the \$3,000,000 legislative augmentation for the update and renewal of Waste Discharge Requirements and National Pollutant Discharge Elimination System permits and the \$3,500,000 legislative augmentation for inspections of waste dischargers to address backlogs in these activities. Nevertheless, I am concerned about the use of the General Fund for these purposes since it appears appropriate that those who are regulated should pay for the cost of regulation under the “polluter pays” principle. Accordingly, I am asking the Water Resources Control Board to review the adequacy of the core regulatory program fee structure and future funding needs.

I am sustaining Provisions 6 and 9 to conform to this action.

I am deleting Provision 3 because it would prohibit the expenditure of \$3,923,000 for TMDL activities prior to enactment of a statute that defines and codifies the Board’s Impaired Water Bodies Restoration

Program. The Board already has general statutory authority to implement this Program. Therefore, additional statutory authority is unnecessary.

I am deleting Provision 4 because it would condition the expenditure of one-third of the Board's budget on the adoption of legislation. This restriction is an infringement on the Executive Branch's ability to administer programs pursuant to existing law.

Item 3940-001-0890--For support of State Water Resources Control Board. I delete Provision 1.

I am deleting Provision 1 because it would prohibit the expenditure of \$6,000,000 for TMDL activities prior to enactment of a statute that defines and codifies the Board's Impaired Water Bodies Restoration Program. The Board already has general statutory authority to implement this Program. Therefore, additional statutory authority is unnecessary.

Item 3940-011-0740--For transfer by the Controller from the 1984 State Clean Water Bond Fund to the State Water Pollution Control Revolving Fund. I delete Provision 1.

I am deleting Provision 1 because it would condition the expenditure of one-third of the Board's budget on the adoption of legislation. This restriction is an infringement on the Executive Branch's ability to administer programs pursuant to existing law.

Item 3940-101-0744--For local assistance, State Water Resources Control Board. I delete Provision 1.

I am deleting Provision 1 because it would condition the expenditure of one-third of the Board's budget on the adoption of legislation. This restriction is an infringement on the Executive Branch's ability to administer programs pursuant to existing law.

Item 3940-102-0001--For local assistance, State Water Resources Control Board. I delete this item.

I am deleting the \$272,000 legislative augmentation for the forgiveness of a Water Quality Control loan obtained by Ventura County because the Board's statutory authority does not provide for the forgiveness of grants and loans issued for the building, replacement or modification of municipal wastewater collection and treatment systems. In addition, this augmentation would be inequitable to other similarly situated localities which retain a legal obligation for loan repayment.

Item 3960-001-0001--For support of Department of Toxic Substances Control. I reduce this item from \$36,374,000 to \$32,270,000 and delete Provisions 4 and 5.

I am deleting and setting aside the \$1,000,000 legislative augmentation for the assessment of toxic exposure in schools. While the specific purposes of this augmentation were not delineated by the Legislature, the Site Mitigation program is currently addressing, on a priority basis, school sites with

identified contamination problems. In addition, I applaud the efforts of local school districts to address this problem.

There is a need, however, to address the issue of possible toxic contamination in portable classrooms. Therefore, I am setting aside these funds and will be seeking legislation for that purpose.

I am deleting the \$400,000 General Fund legislative augmentation to fund community assistance offices. Chapter 23, Statutes of 1999, which reestablished and revised the State Superfund Law, requires the Department to create two community service offices. Under the terms of Chapter 23, these offices are to be funded by a \$400,000 annual appropriation from the Orphan Share Reimbursement Trust Fund; consequently, it would be inconsistent with statutory direction to fund the offices from the General Fund. It is my understanding that legislation has been introduced which would identify a source of funding for the Orphan Share Reimbursement Trust Fund, and the community assistance offices could be funded under the authority of that legislation upon enactment.

I am reducing \$300,000 of the \$500,000 legislative augmentation for increased inspection and enforcement at oil refineries. The net augmentation of \$200,000 will increase inspection resources by over 70 percent, which I believe is an appropriate increase.

I am reducing \$1,750,000 of the \$2,000,000 legislative augmentation for increased hazardous waste management enforcement staff. I am concerned about the use of the General Fund for this purpose. It is appropriate that those who are regulated should pay for the cost of regulation under the “polluter pays” principle. Accordingly, I am asking the Director of the Department of Toxic Substances Control to review the adequacy of the Hazardous Waste Management Program fee structure and future funding needs.

I am deleting Provision 4 to conform to this action.

I am deleting the \$654,000 legislative augmentation for new regulatory standards for unregulated chemicals. I believe that the enforcement of existing standards is a higher priority than developing new standards at this time. Also, I am concerned about the use of the General Fund for this purpose. It is appropriate that those who are regulated should pay for the cost of regulation under the “polluter pays” principle. Accordingly, I am asking the Director of the Department of Toxic Substances Control to review the adequacy of the Hazardous Waste Management Program fee structure and future funding needs.

I am deleting Provision 5 to conform to this action.

Item 3960-001-0014--For support of Department of Toxic Substances Control. I revise this item by reducing:

- (a) 12-Site Mitigation from \$74,077,000 to \$72,677,000.

- (b) 13-Hazardous Waste Management from \$41,206,000 to \$38,502,000.
- (h) Amount payable from the General Fund (Item 3960-001-0001) from -\$36,374,000 to -\$32,270,000.

I am revising the schedules in this item to conform to the actions I have taken in Item 3960-001-0001.

Item 3980-001-0001--For support of Office of Environmental Health Hazard Assessment. I reduce this item from \$11,262,000 to \$9,162,000 by reducing:

- (a) 10-Health Risk Assessment from \$15,499,000 to \$13,399,000,

and by deleting Provision 1.

I am reducing the \$2,000,000 legislative augmentation for the scientific review of chemicals for various programs by \$1,000,000 to ensure the State maintains a prudent reserve. I believe that a net augmentation of \$1,000,000, combined with \$2,000,000 of existing funding will be sufficient to address the most critical needs related to air toxic contaminants, public health goals, and bays and estuaries.

I am reducing \$350,000 of the \$700,000 legislative augmentation to develop regulations relating to pesticide worker safety, investigate reported illnesses, and provide physician training on pesticide-related illnesses due to lack of utilization of these funds in the past. In addition, investigating pesticide-related illnesses is the responsibility of the Department of Pesticide Regulation, and it would be inappropriate to transfer this responsibility to the Office of Environmental Health Hazard Assessment.

I am deleting the \$500,000 legislative augmentation to develop guidelines for risk assessment procedures for chemical contaminants in food. While this is an important health issue the need for additional funds to incorporate new federal food safety requirements into dietary risk assessment guidelines has not been fully demonstrated and therefore this augmentation may not be necessary.

I am deleting the \$250,000 legislative augmentation to evaluate exposure to diesel exhaust and develop related regulations. The state budget already contains \$23,000,000 to address diesel exhaust. After extensive research, it is generally acknowledged that diesel exhaust constitutes a serious health risk. I believe that funds should be directed toward reducing exhaust emissions rather than more studies.

I am deleting Provision 1 to conform to this action.

Item 4140-001-0001--For support of Office of Statewide Health Planning and Development. I reduce this item from \$2,006,000 to \$826,000 by reducing:

- 30-Health Professions Development from \$4,623,000 to \$3,443,000,

and by deleting Provision 1.

I am deleting the \$1,115,000 legislative augmentation to expand the Health Professions Career Opportunity Program and \$65,000 and one position to expand the Song Brown Family Practice Residency Program. The 1999-00 Budget provides \$9.7 million for health professions development, and given our other competing health care funding needs, I do not support this augmentation.

I am deleting Provision 1 to conform to this action.

Item 4140-101-0001--For local assistance, Office of Statewide Health Planning and Development. I am reducing this item from \$7,420,000 to \$7,235,000 by reducing:

- (a) 30-Health Professions Development (Family Physician Training) from \$6,820,000 to \$6,635,000,

and by deleting Provision 2.

I am deleting the \$185,000 legislative augmentation to expand the Song Brown Family Physician Program. The Song Brown Program has a base budget of \$5.6 million, and given the need for funding in other health care priority programs, I do not support this augmentation.

I am deleting Provision 2 to conform with this action.

Item 4170-001-0001--For support of Department of Aging. I reduce this item from \$3,892,000 to \$3,742,000 by reducing:

- (d) 40-Special Projects from \$4,655,000 to \$4,350,000; and
- (g) Reimbursements from -\$2,054,000 to -\$1,899,000;

and by deleting Provision 1.

I am deleting the legislative augmentation of \$150,000 and 3.8 personnel years to increase state staff for the Multipurpose Senior Services Program, which is administered by the Department of Aging but funded in the Medi-Cal budget. This conforms with my action to delete the augmentation for this program in Items 4260-101-0001 and 4260-101-0890.

I am also reducing reimbursements in this item by \$155,000 to conform to the action taken in this item and in Item 4260-101-0890.

I am deleting Provision 1 to conform to actions taken in Item 4170-101-0001.

Item 4170-101-0001--For local assistance, Department of Aging. I reduce this item from \$34,052,000 to \$32,085,000 by reducing:

- (a) 10-Nutrition from \$65,980,000 to \$64,980,000;
- (c) 30-Supportive Services and Centers from \$37,012,000 to \$36,712,000; and
- (d) 40-Special Projects from \$22,755,000 to \$22,088,000;

and by deleting Provision 3 and revising Provision 4.

I am sustaining the \$4,196,000 legislative augmentation for the Linkages, Long-Term Care Ombudsman, Respite, Brown Bag, Senior Companion and Foster Grandparent programs. The Budget I am approving for the Nutrition Program includes an increase of \$474,000 to meet increased demand for services; therefore, I am deleting the legislative augmentation of \$1,000,000. Also, the Health Insurance Counseling and Advisory Program includes an increase of \$501,000 to meet the increased demand for services, therefore I am deleting the \$667,000 legislative augmentation.

I am deleting Provision 3 and revising Provision 4 to conform to this action.

"4. Of the funds appropriated in this item, ~~\$3,196,000~~ \$2,196,000 shall be available for the expansion of community-based programs. These funds shall be allocated according to the following schedule: \$1,500,000 for Linkages, ~~\$1,000,000 for the home-delivered meals nutrition program~~, \$200,000 for Brown Bag, \$187,000 for Respite purchase of service, \$183,000 for Senior Companion, and \$126,000 for Foster Grandparents. Included in this funding are administrative costs for participating Area Agencies on Aging, as provided for in subdivision (b) of Section 9536 of the Welfare and Institutions Code. An Area Agency on Aging shall not qualify [sic] for community-based service program expansions funded in this act for any program from which they have transferred funds as allowed by subdivision (e) of Section 9535 of the Welfare and Institutions Code."

I am deleting the \$300,000 legislative augmentation for the Westminster Senior Center to purchase passenger vans. The Budget allocates \$31,514,000 to local Area Agencies on Aging for older adult supportive services. The Area Agencies on Aging may allocate their funding to senior centers and/or transportation assistance projects as part of the competitive grant process if these services are a local priority.

Item 4200-001-0001--For support of Department of Alcohol and Drug Programs. I reduce this item from \$4,946,000 to \$4,646,000 by reducing:

- (a) 15-Alcohol and Other Drug Services Program from \$29,144,000 to \$28,844,000.

I am reducing the \$300,000 legislative augmentation for the administrative costs associated with the expansion of Drug Courts to conform to action taken in item 4200-101-0001.



Item 4200-101-0001--For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$38,028,000 to \$32,328,000 by reducing:

- (a) 15-Alcohol and Other Drug Services Program from \$302,286,000 to \$296,586,000.

I am deleting the \$5,700,000 legislative augmentation to expand Drug Courts to include Juvenile, Dependency, Pre- and Post-Conviction Drug Courts. The 1999-00 Budget provides an increase of \$8,000,000 for the Drug Court Partnership Program, a 200 percent increase above the base funding of \$4,000,000. This increase for Drug Courts is provided as specified in Chapter 1007, Statutes of 1998.

Item 4260-001-0001--For support of Department of Health Services. I reduce this item from \$188,357,000 to \$183,217,000 by reducing:

- (1) 10-Public and Environmental Health from \$275,283,000 to \$258,925,000;
- (2) 20-Health Care Services from \$397,402,000 to \$397,042,000;
- (25) Amount payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-001-0231) from -\$36,353,000 to -\$25,045,000;
- (43) Amount payable from the Federal Trust Fund (Item 4260-001-0890) from -\$263,057,000 to -\$262,787,000;

and by deleting Provisions 7 and 11.

I am reducing \$2,500,000 of the \$5,000,000 General Fund legislative augmentation for certain cancer research expansions. While I support this important program, the Budget contains approximately \$32.5 million General Fund, including \$25.0 million in recent increases and \$2.5 million in 1999-00 for enhancing cancer-related services. The Budget also contains \$5.0 million General Fund for a one-year breast cancer treatment program that will provide services through a contract to a nonprofit organization with prior successful experience administering such a program. I am deleting Provision 11 to conform to this action.

I am deleting the \$2,400,000 General Fund legislative augmentation for the California Cancer Registry. While I am supportive of the services provided by this program, the Budget already contains approximately \$6,700,000 (\$4,000,000 General Fund) for the Cancer Registry and additional resources for expansions of other high-priority cancer-related services, as indicated above.

I am deleting the \$150,000 General Fund legislative augmentation for evaluating the State's capacity to collect ethnicity data. The Budget includes \$2,000,000 (\$1,000,000 General Fund) to improve data collection and analysis efforts, including services for ethnic communities. I am deleting Provision 7 to conform to this action.

I am reducing the \$13,308,000 legislative augmentation from the Cigarette and Tobacco Products Surtax Fund (CTPSF) litigation reserves by \$11,308,000 for the anti-tobacco media campaign (\$10,000,000) and program administration (\$1,308,000). These reserves were originally set aside for the Americans for Non-Smokers Rights II v. State of California case. Additional state exposure exists in the related and outstanding Just Say No To Tobacco Dough Campaign et al. v. State of California case. Accordingly, these funds are being held in reserve to minimize fiscal exposure until a settlement has been reached in both cases.

I am deleting the \$90,000 General Fund Legislative augmentation to review treatment authorization requests (TARs) at Southern California hospitals. This augmentation is unnecessary because the budget already includes sufficient funding to meet TAR workload. Further, the Department of Health Services already has the flexibility to redirect TAR review staff to hospital locations. In addition, I am deleting \$270,000 from the Federal Trust Fund 4260-001-0890 to conform to this action.

Item 4260-001-0231--For support of Department of Health Services. I reduce this item from \$36,353,000 to \$25,045,000 by reducing:

I am reducing this item by \$11,308,000 from the Cigarette and Tobacco Products Surtax Fund litigation reserves to conform to actions taken in Item 4260-001-0001.

Item 4260-001-0890--For support of Department of Health Services. I reduce this item from \$263,057,000 to \$262,787,000 by reducing:

I am reducing this item by \$270,000 to conform with actions taken in Item 4260-001-0001.

Item 4260-101-0001--For local assistance, Department of Health Services. I reduce this item from \$7,628,395,000 to \$7,586,720,000 by reducing:

- (a) 20.10.030-Benefits (Medical Care and Services) from \$18,702,607,000 to \$18,548,063,000;
- (b) 20.10.010-Eligibility (County Administration) from \$1,027,134,000 to \$1,025,286,000;
- (c) Amount payable from Federal Trust Fund (Item 4260-101-0890) from -\$12,297,525,000 to -\$12,182,808,000;

and by deleting Provisions 14,18, 20,21 and 22.

I am deleting the \$2,000,000 General Fund legislative augmentation which requires the Department of Health Services (DHS) in conjunction with the University of California to conduct and evaluate pilot projects for dental care. Private foundation or Proposition 10 funds are a more appropriate funding source for this research.

I am reducing by \$1,400,000 the \$2,800,000 General Fund legislative augmentation to increase

Medi-Cal optometry rates. The remaining augmentation is expected to provide Medi-Cal beneficiaries with greater access to optometry services. In addition, I am deleting \$1,400,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am deleting the \$400,000 General Fund legislative augmentation for the Plaza Community Center organization to construct a teen center in the City Terrace neighborhood of Los Angeles. Because this augmentation is not for direct health care, it does not fit within the purposes of the Medi-Cal program. However, because this is a commendable endeavor, I would be willing to consider legislation appropriating General Fund for this project.

I am reducing by \$2,000,000 the \$4,000,000 General Fund legislative augmentation to increase Medi-Cal ambulance rates. The remaining augmentation along with the \$4,000,000 General Fund for a rate increase in the 1998-99 budget, which increases rates over a two-year period by 53 percent, is sufficient to ensure the provision of critical ambulance services. In addition, I am deleting \$2,000,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am reducing by \$175,000 the \$262,000 General Fund legislative augmentation for a 30 percent increase in Medi-Cal and Family PACT rates for tubal ligations. In addition, I am deleting \$1,331,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action. The remaining increase of \$753,000 will provide a 10 percent rate increase for tubal ligations in both programs, which is sufficient to maintain access to these important services.

I am deleting the \$1,850,000 General Fund legislative augmentation to expand the Multipurpose Senior Services Program (MSSP), which is administered by the Department of Aging but funded in the Medi-Cal budget. The 1999-00 budget includes a 21 percent increase in MSSP funding without this augmentation. This reflects the full-year cost of the program expansion initiated in 1998-99 which provided a 54 percent increase in funding for the MSSP program. With this expansion, MSSP services are available to residents in all counties. In addition, I am deleting \$2,000,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am reducing by \$5,100,000 the \$5,600,000 General Fund legislative augmentation for therapeutic behavioral services to children eligible for early and periodic screening, diagnosis, and treatment. The known current population of children to be served in this program is five or fewer. Therefore, the amount of the augmentation is greater than necessary. However, upon resolution of a pending lawsuit, this program caseload and cost will likely increase. To the extent the magnitude of this increase can be estimated by next fall, I will include expanded funding in the 2000-01 proposed budget. In addition, I am deleting \$5,100,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am reducing by \$26,700,000 the \$67,700,000 General Fund legislative augmentation for expansion of Medi-Cal for low-income families which would have raised to 150 percent of poverty the maximum income levels for applicant families to be made eligible for Medi-Cal services. Instead, I am raising the maximum applicant income level to 100 percent of the federal poverty level which will allow over 250,000 additional persons to be covered by Medi-Cal. This action requires only \$41,000,000 of the

\$67,700,000 augmentation. In addition, I am deleting \$26,700,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am reducing by \$2,050,000 the \$2,734,000 General Fund legislative augmentation to conform to the actions taken in Item 4260-111-0001 related to California Children's Services rates. In addition, I am deleting \$2,050,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am reducing by \$65,150,000 the \$91,035,000 legislative augmentation from the Federal Trust Fund, Item 4260-101-0890, to conform to action taken in Item 5180-111-0001 related to In-Home Supportive Services Public Authority State Share-of-Cost, Department of Social Services.

I am reducing by \$8,986,000 the \$10,276,000 legislative augmentation from the Federal Trust Fund, Item 4260-101-0890, to conform to action taken in Item 5180-151-0001 related to Adult Protective Services Program expansion, Department of Social Services.

I am deleting Provision 14, which would require the DHS to convene a workgroup comprised of county representatives, consumers, representatives of the Legislature, and children's groups to craft options for streamlining the Medi-Cal application process and related functions. This language is unnecessary as DHS already seeks input on these matters from such groups. Further, I am directing DHS to review the Medi-Cal application process and to develop proposals, with appropriate input, to streamline this process.

I am deleting Provision 18 which would require DHS and the Managed Risk Medical Insurance Board (MRMIB) to convene a workgroup of specified composition to discuss and craft options to implement a single point of entry for Medi-Cal and Healthy Families child enrollment and related functions. This language is unnecessary as DHS and MRMIB already confer with workgroups, as appropriate. However, I am supportive of cost-effective modifications and simplification in eligibility determination to reduce the burden on both applicants and county administration and am supportive of mail-in applications for eligibility determination by the counties and removal of the need for applicants to apply in person.

I am deleting Provision 20 which would require DHS to convene a work group including drug manufacturers, physicians, health care organizations, and Medi-Cal beneficiary advocates to discuss options to "streamline" the treatment authorization request (TAR) process and to improve patient access to prescription drugs. Additionally, the workgroup would consider authorizing physicians to self-approve their own TARs for prescriptions. The DHS would be required to report to the Legislature on the workgroup's recommendations by March 1, 2000. These requirements are unnecessary. Turnaround time for processing pharmaceutical TARs is currently less than 24 hours. However, I am directing the DHS to consider further improvements to the treatment authorization process.

I am deleting Provision 21 which would require DHS to redirect budgeted resources to complete a public awareness survey to measure the effectiveness of Medi-Cal and Healthy Families Program outreach activities. This language is unnecessary and duplicative. Existing law requires a comprehensive

annual outreach plan to be submitted to the Legislature, including results of the previous year's outreach efforts. The DHS has existing authority to conduct any necessary survey without this language.

I am deleting Provision 22 in Item 4260-101-0001 and Provision 14 in Item 4260-111-0001, which would require DHS to withhold the Los Angeles County share of any benefit from the reduction of the "State Administrative Fee," and all funds under the Disproportionate Share Hospital (DSH) program, and the California Health Care for the Indigents Program until Los Angeles County submits plans to construct a 750-bed hospital, as certified by the Office of Statewide Health Planning and Development. There are no funds in Item 4260-101-0001 which represent benefit to the County resulting from the reduction in required contribution and which therefore could be withheld pursuant to this Provision. As Los Angeles County is statutorily required to contribute to the DSH program, such contributions without return may constitute a reimbursable state mandated local cost resulting in the General Fund repaying Los Angeles County. Further, notwithstanding language limiting the impact of this provision only to the "LAC/USC Medical Center," the language would directly affect all private and public hospitals if Los Angeles County elected not to submit its corresponding intergovernmental transfer, substantially reducing the nonfederal portion of the entire DSH Program adversely. Finally, this language would put at risk hundreds of millions of Los Angeles County's health care funding, thereby jeopardizing the health of the residents of the county. I call upon the Los Angeles County Board of Supervisors and all interested parties to reach consensus on the appropriate size for this hospital prior to my submission of the 2000-01 State Budget.

I am sustaining the \$36,000,000 General Fund and commensurate federal fund legislative augmentation to increase minimum nursing home staff-to-resident ratios and provide a five percent wage and benefits increase to direct care staff in these facilities. However, I am sustaining this augmentation with the expectation that the nursing home industry work with the Administration, the Legislature, and others to develop and approve meaningful nursing home reforms to accompany these rate increases.

I am sustaining the \$500,000 General Fund augmentation for school-based health centers in Alameda County. However, this augmentation is for one-year only in order to allow Alameda County to pursue federal funds potentially available for this purpose or local school district funds.

I am sustaining the \$200,000 General Fund augmentation for the South Coast Air Quality Management District (SCAQMD) to conduct face-to-face community educational outreach focused on at-risk children and activities related to chronic illness caused by air pollution. While the efforts of SCAQMD are commendable, this augmentation is for one-year only to allow SCAQMD time to seek funding through other, more appropriate sources such as private foundation or Proposition 10 funding for these activities.

I am sustaining the \$250,000 General Fund augmentation for the Venice Dental Clinic. While these funds are to fill an unfunded deficit in this clinic's operational budget, to the extent these services are provided to those who are Medi-Cal eligible, these services are already funded. Clinic services for the medically indigent are an on-going responsibility of the county. Therefore, these funds are provided on a one-time basis.

Item 4260-101-0890--For local assistance, Department of Health Services. I reduce this item from \$12,297,525,000 to \$12,182,808,000.

I am reducing this item to conform to the action I have taken in Item 4260-101-0001.

Item 4260-111-0001--For local assistance, Department of Health Services. I reduce this item from \$402,303,000 to \$346,723,000 by reducing:

- (5) 10.30.040-Chronic Diseases from \$99,502,000 to \$64,506,000;
- (7) 10.30.060-AIDS from \$232,872,000 to \$229,397,000;
- (8) 20.30-County Health Services from \$124,555,000 to \$94,553,000;
- (9) 20.40-Primary Care and Family Health from \$1,388,370,000 to \$1,363,469,000;
- (17) Amount Payable from the Health Education Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0231) from -\$54,316,000 to -\$35,116,000;
- (19) Amount Payable from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0233) from -\$10,386,000 to -\$7,974,000;
- (20) Amount Payable from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund (Item 4260-111-0236) from -\$82,311,000 to -\$68,129,000;
- (26) Amount payable from the Federal Trust Fund (Item 4260-111-0890) from -\$1,002,305,000 to -\$1,000,305,000;

and by deleting Provisions 5, 6, 8, 9, 10, 11, 12 and 14.

While I am sustaining a \$500,000 General Fund augmentation for osteoporosis prevention and treatment, this funding is provided on a one-time basis only for 1999-00.

I am reducing by \$6,000,000 the \$11,000,000 General Fund legislative augmentation for the following clinical services programs: Rural Health Clinics, Seasonal Agricultural and Migratory Worker Clinics, and Indian Health Clinics. I am also directing the Department of Health Services (DHS) to allocate the remaining \$5,000,000 for the areas most in need, as determined by DHS, so that the 21 percent increase in total clinic funding can be used most effectively. I am also deleting Provisions 5, 6, and 8 to conform to this action.

I am reducing by \$7,408,000 the \$7,700,000 General Fund legislative augmentation for local public health staffing. The remaining \$292,000 will provide for a total General Fund budget of \$1 million, a 22 percent increase, to enhance local food safety, immunization assistance, and disease control efforts.

I am reducing by \$10,102,000 the \$18,000,000 General Fund legislative augmentation for Expanded Access to Primary Care (EAPC) clinics. The Budget increases the total program allocation by five percent in recognition of the important services it provides to vulnerable populations statewide. This increase assumes enactment of deficiency legislation which appropriates \$1,653,000 Cigarette and Tobacco Products Surtax Fund (CTPSF) for the program, as I originally proposed.

I am deleting the \$16,594,000 legislative augmentation from the CTPSF for the California Healthcare for Indigents Program (CHIP) and Rural Health Services. I will sign legislation appropriating the \$16,594,000 CTPSF for Breast Cancer Early Detection Program (BCEDP) (\$14,941,000) and EAPC (\$1,653,000) as I had originally proposed in the Governor's Budget.

Consistent with these reductions, I am deleting the \$14,941,000 General Fund legislative augmentation to support the BCEDP as the Budget included CTPSF for BCEDP to fully address anticipated demand, without any General Fund expense. The BCEDP should continue to be supported from tobacco tax resources as a priority use of CTPSF, which is diminishing as a result of increased tobacco taxes enacted by Proposition 10 and higher wholesale tobacco prices imposed by the industry. Moreover, if the State obtains approval of federal funding for the BCEDP and Access for Infants and Mothers programs, additional CTPSF will be available to augment indigent health care programs at that time.

I am deleting the \$6,000,000 General Fund legislative augmentation for CHIP. While the program provides valuable services, CTPSF is a diminishing fund source. Also, expansions of the Healthy Families and Medi-Cal programs will decrease the indigent health care burden at the local level. Lastly, increased local revenues (Proposition 10 and tobacco settlement funds, for example) are available at county discretion to augment the program.

I am deleting the \$19,200,000 legislative augmentation for Competitive Grants from the CTPSF litigation reserves (Health Education Account) to conform with the actions taken in Item 4260-001-0001.

I am reducing \$949,000 of the \$1,266,000 General Fund legislative augmentation to increase California Children's Services (CCS) provider rates by 5 percent instead of the proposed 20 percent, to improve access to care. Rates and their impact on access to and quality of care can be better assessed when improved data from the newly implemented CCS management information system is available.

I am deleting the \$355,000 General Fund legislative augmentation for a Parkinson's Disease outreach center. While the proposal has merit, resources should be allocated through a competitive process rather than directly to particular agencies. I am deleting Provision 9 to conform to this action.

I am sustaining the \$2,500,000 General Fund augmentation to increase funds for the Battered Women's Shelter Program. I am deleting Provision 11, as it conflicts with current law exempting these allocations

from the competitive bidding process and could hinder the department from effectively administering services and allocating resources expeditiously.

I am reducing by \$500,000 the \$2,000,000 General Fund legislative augmentation for Alzheimer's disease research, diagnosis, and treatment. The Budget provides a 44 percent increase in funding for those activities which will substantially enhance services without adding new special projects to the program budget. I am deleting Provision 12 to conform to this action.

I am deleting the \$5,000,000 General Fund legislative augmentation to increase rates for the Adolescent Family Life Program. The proposal represents an approximate 40 percent rate increase, intended to expand access to services and address findings of a study indicating that reimbursement rates do not fully cover program costs. However, rates have been established recognizing that local participation is a requirement.

I am deleting the \$850,000 General Fund legislative augmentation for the Farmer's Market Program. Chapter 294, Statutes of 1997, shifted authority for the program to DHS to enable continuation of the service without General Fund expense. Furthermore, nutritional services (including fresh fruits and vegetables in some instances) are currently available through other programs such as the Women, Infants, and Children Program, Food Stamps, the California Food Assistance program, and the Emergency Food Assistance Program. I am also reducing the Federal Trust Fund by \$2,000,000 in item 4260-111-0890 to conform to this action.

I am sustaining the \$4,156,000 General Fund legislative augmentation to reduce transmission of the AIDS virus in high-risk communities. In addition, the Budget (1) includes a \$13.4 million General Fund increase for education, prevention, care and treatment services, (2) fully funds anticipated demand for the AIDS Drugs Assistance Program (\$140.3 million, of which \$46.2 million is General Fund) and (3) expands the Family, Planning, Access, Care and Treatment Program, which will benefit Californians with HIV/AIDS. These expansions will make a significant contribution toward preventing the transmission of HIV and in providing effective treatment. However, I am reducing by \$3,475,000 the \$6,931,000 General Fund legislative augmentation for HIV/AIDS services: anonymous testing (\$1,600,000), partnership counseling (\$1,000,000), early intervention (\$375,000) and housing (\$500,000). I am deleting Provision 10 to conform to this action.

I am deleting Provision 14 to conform with the action taken in Item 4260-101-0001.

Item 4260-111-0231--For local assistance, Department of Health Services. I reduce this item from \$54,316,000 to \$35,116,000 by reducing:

I am reducing this item by \$19,200,000 for competitive grants from Cigarette and Tobacco Products Surtax Fund litigation reserves to conform to actions taken in Item 4260-001-0001.

Item 4260-111-0233--For local assistance, Department of Health Services. I reduce this item from \$10,386,000 to \$7,974,000 by reducing:



I am reducing this Item by \$2,412,000 to conform to actions taken in Item 4260-111-0001.

Item 4260-111-0236--For local assistance, Department of Health Services. I reduce this item from \$82,311,000 to \$68,129,000 by reducing:

I am reducing this item by \$14,182,000 to conform to actions taken in Item 4260-111-0001.

Item 4260-111-0890--For local assistance, Department of Health Services. I reduce this item from \$1,002,305,000 to \$1,000,305,000 and delete Provision 2.

I am reducing this item by \$2,000,000 to conform with actions taken in Item 4260-111-0001.

Item 4280-101-0001--For local assistance, Managed Risk Medical Insurance Board. I delete Provision 2.

I am deleting Provision 2 to conform to action taken in Item 4260-101-0001.

Item 4300-003-0001--For support of Department of Developmental Services. I reduce this item from \$53,805,000 to \$52,305,000 by reducing:

(a) 20-Developmental Centers Program from \$527,807,000 to \$526,307,000,

and by deleting Provision 10.

I am deleting the \$1,500,000 legislative augmentation which was intended to fund health benefits for janitorial staff at the Developmental Centers. The Developmental Centers have contracted for janitorial staff since January 1987. The contracts for these services have been awarded in accordance with existing State contract guidelines and policies which place responsibility for the provision of health benefits with the contractor, however, the level of benefits currently provided are in some cases inadequate. I will issue an Executive Order directing the Department of General Services to ensure that all state contracts, whether new or being re-bid, provide benefits comparable to those provided for state employees.

I delete Provision 10 to conform to this action.

Item 4440-001-0001--For support of Department of Mental Health. I reduce this item from \$25,816,000 to \$25,316,000 by reducing:

(a) 10-Community Services from \$28,380,000 to \$27,880,000,

and by deleting Provision 4.

I am deleting the \$500,000 legislative augmentation requiring the Department of Mental Health to contract for the provision of workshops to teach volunteers to work with chronically and terminally ill persons. Counties are currently responsible for the design and implementation of treatment and other services to meet the needs of clients at the local level. Currently, counties have flexibility in the use of their State-Local realignment funds which would allow them to provide workshops for volunteers to work with this client population if they choose to do so.

I am deleting Provision 4 to conform to this action.

Item 4440-011-0001--For support of the State Hospitals Department of Mental Health. I reduce this item from \$323,183,454 to \$323,084,000 by reducing:

- (a) 20.10-Long-Term Care Services - Lanterman-Petris-Short from \$109,463,454 to \$109,364,000; and

I am deleting the \$99,454 legislative augmentation to increase the interagency agreement between the Department of Mental Health and the California Highway Patrol (CHP) for security services at Patton State Hospital. The Commissioner of the California Highway Patrol does not support this augmentation as the increased assessment costs for CHP coverage is funded on a statewide basis in the Budget, including funds for the assessments to the state hospitals.

Item 4440-101-0001--For local assistance, Department of Mental Health. I reduce this item from \$64,756,000 to \$51,356,000 by reducing:

- (a) 10.25-Community Services--Other Treatment from \$674,769,000 to \$662,569,000;
- (c) 10.47-Community Services--Children's Mental Health Services from \$37,754,000 to \$26,354,000;
- (e) Reimbursements from -\$668,607,000 to -\$658,407,000;

and by deleting Provisions 5 and 7.

I am retaining the \$10,000,000 augmentation on a one-time basis for local incentive grants and directing the Department of Mental Health to provide such funding to counties for existing successful programs for provision of integrated services to severely mentally ill adults who would otherwise be at risk of homelessness or incarceration. However, I am deleting provision 7 pertaining to the augmentation and encouraging service delivery rather than further program planning.

Given the augmentation above, I am deleting the \$2,000,000 legislative augmentation to provide supportive housing for individuals with special needs. I also note that the Budget provides \$1 million in the Department of Mental Health and \$5 million in the Department of Housing and Community Development for supportive housing for CalWORKs recipients with special needs. Any augmentation

for other special needs clients appears duplicative of existing support programs including health care, substance abuse treatment, education, and counseling which are currently provided through other State agencies.

I am reducing \$11,400,000 of the \$13,400,000 legislative augmentation for the Children's System of Care. The remaining \$2,000,000 augmentation will allow for a expansion of the program. I am also deleting Provision 5 which specified the allocation of the funds in order to allow the Department of Mental Health to allocate the funds based on departmental policy.

I am reducing the legislative augmentation for the Early Periodic Screening, Diagnosis and Treatment (EPSDT) Therapeutic Behavioral Service by \$10,200,000 to conform with actions taken in items 4260-101-0001 and 4260-101-0890.

I delete Provisions 1 and 2 to conform with this action.

Item 5100-101-0001--For local assistance, Employment Development Department. I sustain this item.

I am sustaining the \$450,000 legislative augmentation for the California Youthbuild Program on a one-time basis only.

Item 5100-001-0185--For support of Employment Development Department. I reduce this item from \$37,705,000 to \$37,489,000.

I am deleting the \$216,000 augmentation for the Innovation in Government Project to conform to action I have taken in Item 0650-001-0001. This action is consistent with the Legislature's intent to fund the project within existing resources.

Item 5100-001-0869--For support of state programs under the Job Training Partnership Act, Employment Development Department. I delete Provisions 4 and 5.

I am deleting Provision 4 which would require the Employment Development Department to use \$1.8 million from the Job Training Partnership Act, Title III 40 Percent Governor's discretionary funds to conform current data collection and reporting, and performance management systems to federal Workforce Investment Act requirements. No analysis has been performed to indicate the need to target these funds for data collection and reporting systems. I believe this Provision interferes with the Administration's ability to target funds for needed planning activities or local employment activities.

I am deleting Provision 5 which would require the Employment Development Department to use \$5.4 million from the Job Training Partnership Act, Title III 40 Percent Governor's discretionary funds for local Service Delivery Areas or Local Workforce Investment Boards for transition activities related to implementation of the federal Workforce Investment Act. I am deleting this provision for the same reasons cited for Provision 4 above.

Item 5100-001-0870--For support of Employment Development Department. I revise this item by reducing:

- (d) 30.01-General Administration from \$48,616,000 to \$48,400,000, and
- (j) Amount payable from the Employment Development Contingent Fund (Item 5100-001-0185) from -\$37,705,000 to -\$37,489,000.

I am revising this item to conform to the reduction taken in Item 5100-001-0185.

Item 5180-001-0001--For support of Department of Social Services. I reduce this item from \$80,991,000 to \$79,775,000 by reducing:

- (a) 16-Welfare Programs from \$80,066,000 to \$79,066,000;
- (d) 60.01-Administration from \$34,471,000 to \$34,255,000;

and by revising Provision 4 and deleting Provision 8.

I am deleting the \$216,000 augmentation for the Innovation in Government Project to conform to the action I have taken in Item 0650-001-0001. This action is consistent with the Legislature's intent to fund the Project within existing resources.

I am sustaining \$1,000,000 of the \$2,000,000 one-time legislative augmentation for the Emergency Food Assistance Program for local food bank programs to expand refrigeration space and purchase vehicles and other equipment that would be used directly for the purchase, delivery, or distribution of food. However, I am reducing the legislative augmentation for this program by \$1,000,000, the amount to be used for food purchases, because the food purchases under this program traditionally have been 100 percent federally funded, and providing General Fund for this purpose could set a precedent for future General Fund support. Federal funding for this program, the federal Food Stamp program, the federal Women, Infants, and Children program, is available to provide food to qualifying individuals and households, as is the state funding for the California Food Assistance Program.

I am revising Provision 4 to conform to this action.

- “4. Of the amount appropriated in this item, ~~\$2,000,000~~ \$1,000,000 shall be allocated on a one-time basis as follows: (a) \$1,000,000 to local food bank programs to expand refrigeration space, purchase vehicles, or purchase other equipment that would be directly used for the purchase, delivery, or distribution of food products or for other uses that would allow food banks to increase the amount of food they can receive and distribute, with the allocation process for this \$1,000,000 to be developed by the department in consultation with the Emergency Food Assistance Advisory Board; ~~(b) \$900,000 to local food distribution programs; (c)~~

~~\$100,000 for regional and statewide efforts for food purchase or to aid in the collection of donated food.”~~

I am deleting Provision 8, which would require the Department of Social Services to conduct a study of the key factors that affect the ability of those who owe child support to meet their obligations. Within the context of efforts to reform the child support program I have already directed the department to work with other appropriate state agencies to profile child support obligors in order to gain a better understanding of how the state may improve the collectability of child support obligations. Therefore, this provision is unnecessary.

Item 5180-101-0001--For local assistance, Department of Social Services. I reduce this item from \$2,633,896,000 to \$2,627,679,000 by reducing:

- (a) 16.30-CalWORKs from \$4,709,139,000 to \$4,704,739,000;
- (2) 16.30.020-Services from \$507,867,000 to \$504,367,000;
- (4) 16.30.040-Child Care from \$427,673,000 to \$426,773,000;
- (f) 16.60-Food Stamps from \$66,397,000 to \$61,080,000;
- (i) Amount payable from the Federal Trust Fund (Item 5180-101-0890) from -\$3,449,174,000 to -\$3,445,674,000;

and by deleting Provision 11.

I am deleting the \$3,500,000 Federal Trust Fund legislative augmentation and Provision 11, which would fund county costs of providing wage-based community service or subsidized jobs to CalWORKs recipients. Under current law, the counties have the option and sufficient funding to adopt various approaches for CalWORKs recipients to meet work requirements, including wage-based community service.

I am deleting the \$900,000 General Fund legislative augmentation to exempt child care centers from the Department of Justice and Federal Bureau of Investigation fees for background checks and fingerprinting, effective January 1, 2000. The current Department of Justice fee structure includes a surcharge to cover the cost of community care providers who are exempted from paying the fee. I would support legislation to exempt child care volunteers from having to pay the fees for fingerprinting and background checks.

I am reducing the \$11,543,000 General Fund legislative augmentation for an expansion of the California Food Assistance program by \$5,317,000 to reflect revised cost estimates of the program and the effect of the October 1, 1999, start date of the one-year expanded program.

Item 5180-101-0890--For local assistance, Department of Social Services. I reduce this item from \$3,449,174,000 to \$3,445,674,000.

I am reducing this item by \$3,500,000 to conform with actions taken Item 5180-101-0001 and Item 5180-111-0551.

Item 5180-111-0001--For local assistance, Department of Social Services. I reduce this item from \$3,069,663,000 to \$3,013,263,000 by reducing:

- (b) 25.15-IHSS from \$1,766,319,000 to \$1,605,473,000;
  - (1) 25.15.010-Services from \$1,625,029,000 to \$1,464,183,000; and
- (c) Reimbursements from -\$1,053,279,000 to -\$948,833,000.

I recognize the need for state participation in funding wage increases for IHSS providers and, as a result, I am sustaining \$67,885,000, including reimbursements, to provide for a 50 cent wage increase for providers in public authority counties effective July 1, 1999, with an 80 percent State/20 percent county share-of-cost for 1999-00 only. Consistent with this action, I am reducing the \$90,000,000 General Fund legislative augmentation for a 100 percent state share-of-cost for In-Home Supportive Services (IHSS) provider wages above the minimum wage by \$56,400,000 General Fund. The State has does not participate in IHSS provider wage and benefit negotiations and, therefore, would be unable to manage the program costs in which it would share under a 100 percent state funded increase. A county share-of-cost would provide the incentive for counties to contain program costs and control future major General Fund costs.

I am also reducing reimbursements in this item by \$104,446,000 to conform to the action taken in this item and in Item 4260-101-0890.

Item 5180-111-0551--For transfer by the Controller from the federal Temporary Assistance for Needy Families Fund to the Federal Trust Fund. I reduce this item from (\$4,149,096,000) to (\$4,145,596,000).

I am reducing this item by \$3,500,000 to conform with actions taken Item 5180-101-0001 and Item 5180-101-0890.

Item 5180-113-0551--For transfer by the Controller from the federal Temporary Assistance for Needy Families Fund to the Federal Trust Fund. I reduce this item from (\$267,300,000) to (\$257,300,000).

I am reducing this item by \$10,000,000 to conform with actions taken in Item 6110-196-0001.

Item 5180-141-0001--For local assistance, Department of Social Services. I reduce this item from \$341,397,000 to \$341,291,000 by reducing:

- (a) 16.80-County Administration from \$843,948,000 to \$843,842,000;

and by deleting Provision 8.

I am reducing the \$363,000 General Fund legislative augmentation for a one-year expansion of the California Food Assistance program by \$106,000 to conform to the action I have taken in Item 5180-101-0001.

I am deleting Provision 8, which removes the discretion of the State to request waivers from the United States Department of Agriculture and requires the department to request such waivers, whether a county has requested the department to do so. Currently, only two counties have requested such waivers, and both of those counties have the waivers in place. However, I am directing the Director of Social Services to evaluate whether a request for a blanket approval of waivers for work requirements would be expedient in order to have the flexibility to immediately issue waivers in times of disaster or emergency.

Item 5180-151-0001--For local assistance, Department of Social Services. I reduce this item from \$661,451,000 to \$639,251,000 by reducing:

- (a) 25.25-Children's Services from \$1,434,040,000 to \$1,429,732,000;
- (1) 25.25.010-Child Welfare Services from \$1,335,738,000 to \$1,331,738,000;
- (2) 25.25.020-Adoptions from \$67,181,000 to \$66,873,000;
- (b) 25.35-Special Programs from \$171,227,000 to \$142,241,000;
- (5) 25.35.050-County Services Block Grant from \$125,801,000 to \$96,815,000;
- (d) Reimbursements from -\$81,733,000 to -\$72,747,000;
- (f) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$876,622,000 to -\$874,514,000;

and by deleting Provision 11.

I am deleting the \$2,000,000 General Fund and \$2,000,000 Federal Trust Fund legislative augmentation for pilot projects to develop placement resources as an alternative to out-of-county/state placements. Current law already permits counties to enter into performance agreements with nonprofit agencies for innovative services delivery. While I am supportive of efforts in this area, the budget provides substantial augmentations for foster care rate increases which should promote expansion of the existing in-state capacity for foster youth.

I am deleting Provision 11 to conform to this action.

I am deleting the \$200,000 General Fund and \$108,000 Federal Trust Fund legislative augmentation for the Specialized Training for Adoptive Parents program. I am sustaining the reappropriation language in Item 5180-490, which would fully fund the costs of this worthwhile program in 1999-00.

I am reducing the \$30,000,000 General Fund and \$10,276,000 Reimbursements legislative augmentation for the Adult Protective Services (APS) program by \$20,000,000 and by \$8,986,000, respectively. The 1999-00 Governor's Budget included a \$23,562,000 augmentation to fully fund the APS program based on a recent nationwide study on elder abuse released by American Public Human Services Association. Because unsubstantiated cases had been excluded from that national study, the May Revision included an \$11,290,000 augmentation to fund costs relating to the investigation of those cases. As a result, I am reducing APS funding to the level of funding included in the May Revision, and I am sustaining Provision 10 which requires the Department of Social Services to implement a claims processing, payment and reporting system to assess future program funding needs.

I am reducing reimbursements in this item by \$8,986,000 to conform to the action taken in this item and in Item 4260-101-0890.

Item 5180-151-0890--For local assistance, Department of Social Services. I reduce this item from \$876,622,000 to \$874,514,000.

I am revising this item to conform to the actions taken in Item 5180-151-0001.

Item 5240-001-0001--For support of the Department of Corrections. I reduce this item from \$3,812,955,000 to \$3,812,740,000 by reducing:

- (b) 22-Health Care Services Program from \$537,431,947 to \$537,256,947;
- (c) 31-Community Correctional Program from \$472,146,220 to \$471,306,220;

and by deleting Provisions 9 and 21, and revising Provision 11.

I am deleting Provision 9 which requires that the Department of Corrections prospectively include a funding factor for the Preventing Parolee Crime Program in its population budget change proposal. I believe this provision is an intrusion on the Executive Branch's prerogative to develop future Governor's Budgets.

I am deleting \$175,000 for treatment and services for inmates infected with Hepatitis B and C because the budget already includes significant additional funding for medical treatment for inmates which can be used for this purpose. I am revising Provision 11 to conform to this action.



"11. Of the funds appropriated in this item, ~~\$500,000~~ \$325,000 shall be expended for prevention, education, treatment, and related tests, for inmates infected with hepatitis B and C. Any funds not used for these purposes shall revert to the General Fund."

The Budget includes substantial increases in services for Parolees and Prevention of Parolee crime. Therefore, I am deleting the \$840,000 legislative augmentation for the implementation of a mentoring program for parolees. I am also deleting Provision 21 to conform to this action.

I am also revising this item to correct a technical error in the Budget Bill.

As part of the 1999-00 State Budget, I am approving \$38,654,000 in funding for various programs that provide treatment and services for state prison inmates and parolees to assist in their transition back into the community and to reduce recidivism. However, I strongly object to the \$1,000,000 augmentation for the community punishment program intended to utilize intermediate sanctions for parole violators. I am directing the Director of Corrections not to use any funding in this item for that purpose. I note that Assembly Bill 1535, which I intend to approve, would authorize the transfer of monies between the programs delineated in the specified provisions of Item 5240-001-0001 in the Budget Act. I am, accordingly, directing the Director of Corrections to utilize these funds to implement or expand those programs that include elements or services that do not jeopardize public safety, while providing the best results in terms of reducing recidivism among the state parolee population.

Additionally, as part of this budget, I am sustaining 45.7 positions which were approved by the Legislature without funding. While the Legislature and I concur about the need for the 45.7 positions, I disagree with the Legislature's action to remove the funding for these positions. In order to fund these positions, the Department would have to redirect significant resources, negatively impacting the Department's ability to provide existing program services at a level consistent with current law. Therefore, I will seek the resources necessary to fully fund these positions through the deficiency process, as provided for in Control Section 27.00 of the 1999-00 Budget Act.

Item 5240-101-0001--For local assistance, Department of Corrections. I reduce this item from \$48,583,000 to \$48,433,000 by reducing:

(a) 21-Institutions Program from \$15,282,000 to \$15,132,000.

I am deleting the \$150,000 legislative augmentation intended to address the costs incurred by counties for the transportation of prisoners to and between state prisons. The budget I proposed includes increased funding for this purpose, and the need for additional resources beyond that increase has not been demonstrated.

Item 5240-102-0001--For local assistance, Department of Corrections. I delete this item and Provision 1.

I am deleting the \$400,000 legislative augmentation provided to Imperial County for the purpose of funding security improvements at the administrative building located in Brawley. Although this project may be meritorious, I am deleting the funding for it to ensure the State maintains a prudent reserve.

I am deleting Provision 1 to conform to this action.

Item 5240-103-0001--For local assistance, Department of Corrections. I delete this item and Provision 1.

I am deleting the \$1,748,429 augmentation to the City of Coalinga. This funding is reflective of monies that the city might have received if it had continued as a plaintiff in litigation against the State. The provision of such funding would set an undesirable precedent with regard to other plaintiffs involved in litigation with the State.

I am deleting Provision 1 to conform to this action.

Item 5430-110-0001--For local assistance, Board of Corrections. I delete this item and Provision 1.

I am deleting the \$2,000,000 legislative augmentation for expansion of existing jail facilities in Fresno County. The State should not embark upon a direct General Fund program for refurbishing local jail facilities. Additionally, funding for local detention facilities is available through the federally funded Violent Offender Incarceration/Truth-in-Sentencing grant award program.

I am deleting Provision 1 to conform to this action.

Item 5430-111-0001--For local assistance, Board of Corrections. I reduce this item from \$37,700,000 to \$27,000,000, and revise Provision 1.

I am reducing this item by \$10,700,000. While I am supportive of efforts to address issues related to crime committed by the mentally ill, I believe that a more modest expansion is prudent since this program is in the early stages of implementation and has not yet been evaluated.

"(1) Of the amount appropriated in this item, ~~\$37,700,000~~ \$27,000,000 shall be allocated for Mentally Ill Offender Crime Reduction grants, pursuant to Chapter 501 of the Statutes of 1998, as set forth in priority order on the list of projects identified effective May 20, 1999, by the Board of Corrections. Further, no grant shall exceed \$5,000,000. Notwithstanding the provisions of Chapter 501 of the Statutes of 1998, the board shall allocate \$5,000,000 to the County of Los Angeles and \$5,000,000 to the City and County of San Francisco for the purpose of demonstrating the effectiveness of interventions relating to mentally ill offenders who are likely to be committed to state prison."

Item 5460-001-0001--For support of Department of the Youth Authority. I reduce this item from \$266,390,000 to \$265,390,000 by reducing:

(b) 30-Parole Services from \$46,035,000 to \$45,035,000

and by deleting Provision 3.

I am deleting the \$1,000,000 legislative augmentation for tattoo removal. I believe additional resources are premature because funding provided in previous legislation is sufficient for operation of the existing program.

I am deleting Provision 3 to conform to this action.

Item 6110-001-0001--For support of Department of Education. I reduce this item from \$37,748,000 to \$35,677,000 by reducing:

(b) 20-Instructional Support from \$57,350,000 to \$55,279,000,

and by deleting Provisions 16, 20, 21, 23 and 26.

I am reducing Schedule (b) by reducing the augmentation of \$221,000 which was proposed to support the Parent Involvement Program. This augmentation was intended to provide technical assistance for school districts that implemented a parent involvement program. Since I am deleting the funding for this program, pending the receipt of a revised legislative proposal, this augmentation is not necessary. I am deleting Provision 16 to conform to this action.

I am also reducing Schedule (b) of this item by eliminating the legislative augmentation of \$250,000 for support of the English language learners program established pursuant to legislation enacted during the 1999-00 Regular Session that becomes operative on or before January 1, 2000. This augmentation was approved by the Legislature prior to the development and adoption of the program for English language learners and based on the assumption that the State Department of Education (SDE) would play a greater role in administering the program. However, given that the funding for this program is to be allocated based on a specified formula, state operations costs should be minimal. In addition, the SDE currently has 24 Bilingual Education Consultant positions that could be redirected to provide any necessary support services related to this program. I am deleting Provision 20 to conform to this action.

I am also reducing Schedule (b) by eliminating the legislative augmentation of \$150,000 for the SDE to develop the appropriate project approval documents related to the California School Information Services System. These funds cannot be spent until the SDE conducts a management review of its existing data systems, and the Department of Information Technology and the Department of Finance review and approve that review. This funding for the project approval documents is premature because it is estimated that the management review will not be completed and approved to allow sufficient time to develop the project approval documents in the 1999-00 fiscal year. Furthermore, the SDE has not yet received an exemption from the Y2K Executive Order or necessary approval from the Department of Information Technology to develop the project approval documents for this project. I am deleting Provision 21 to conform to this action.

I am also reducing Schedule (b) by eliminating the legislative augmentation of \$1,000,000 for a new intersegmental program to provide Advanced Placement (AP)/honors courses over the Internet. Of this funding, \$700,000 was to have been for a sole-source contract to a specified contractor to provide training to high school teachers to become site coordinators for the delivery of the Internet AP/honors courses. The remaining \$300,000 was to have been available to the SDE for administrative support of the program. This funding would have been premature since the University of California (UC) is still in the process of developing the AP/honors courses. Moreover, staff development might also be more appropriately provided by UC, and administrative costs of the program would exist primarily at the local level, resulting in minimal costs to the SDE. Finally, sole source contracts are permissible only on a by-exception basis. I am deleting Provision 23 to conform to this action.

I am also reducing Schedule (b) by eliminating the legislative augmentation of \$450,000 for evaluations of programs administered by school districts and county offices of education. Requests for funding for evaluations should be submitted in the budget change proposal process with specific justification for the amount of funding requested. I am deleting Provision 26 to conform to this action.

Item 6110-103-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$10,696,000 to \$9,508,000 and revise Provision 6.

I am reducing this item by \$1,188,000 for growth funding to Apprentice programs. Over the past several years, the funding for the Apprentice programs has not been fully utilized, therefore, there is no indication that an increase in growth is necessary. However, I am maintaining \$1,252,000 of the legislative augmentation for this item to provide a rate increase from \$4.22 per hour to \$4.86 per hour for Apprentice programs.

I am revising Provision 6 to conform to this action.

~~“6. Of the funds appropriated in this item, \$1,188,000 shall be used to provide an adjustment for growth of enrollment in apprenticeship programs operated by school districts and county offices of education and \$1,252,000 shall be used to provide a rate increase from \$4.22 per hour, as specified in Provision 2 of this item, to a reimbursement rate of \$4.86 per hour consistent with the requirements specified in Provision 2 of this item.”~~

Item 6110-114-0001--For local assistance, Department of Education (Proposition 98). I delete Provision 10.

I am deleting Provision 10 of this item which, requires any savings or unencumbered balances available in the budget year and requires it to be appropriated to reimburse desegregation program deficiencies. Desegregation claims are funded in accordance with an existing statutory formula, as limited by funding appropriated in the Budget Act. Based on these statutory provisions, there is no legal obligation to fund these programs beyond the amount provided in the annual Budget Act.

Item 6110-115-0001--For local assistance, Department of Education (Proposition 98). I delete Provision 11.

I am deleting Provision 11 of this item which, requires any savings or unencumbered balances available in the budget year and requires it to be appropriated to reimburse desegregation program deficiencies. Desegregation claims are funded in accordance with an existing statutory formula, as limited by funding appropriated in the Budget Act. Based on these statutory provisions, there is no legal obligation to fund these programs beyond the amount provided in the annual Budget Act.

Item 6110-120-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$22,102,000 to \$19,202,000.

I am reducing a legislative augmentation of \$7,900,000 for the expansion of the existing School-Based Pupil Motivation and Maintenance Program by \$2,900,000. In reducing this augmentation, I am providing \$5,000,000 to fund the backlog of 100 grant applicants. Prior to further expansion of the program, beyond the level authorized by this expansion, an evaluation of the current program's effectiveness is necessary.

Item 6110-195-0001--For local assistance, Department of Education. I delete this item and Provisions 1 and 2.

I am deleting the \$29,000,000 legislative augmentation for high school academic block grants. While the provisional language in this item states legislative intent that funding received pursuant to this item be used to prepare high school students to pass the High School Exit Examination, significant flexibility has already been provided to school districts to utilize summer school and after school funding for this purpose. Moreover, the estimated statewide average high school revenue limit for 1999-00 is \$4,614, versus \$3,996 for unified schools and \$3,840 for elementary schools.

Item 6110-196-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$904,750,000 to \$854,750,000 by reducing:

- (b) 30.10.020-Child Care Services from \$1,281,964,000 to \$1,221,964,000,
  - (5.2) 30.10.020.012-Special Program, Child Development, Alternative Payment Program-Stage 3 from \$51,714,000 to \$1,714,000,
  - (11) 30.10.020.901-Special Program, Child Development, Quality Improvement from \$35,238,000 to \$25,238,000,
- (e) Amount Payable from the Federal Trust Fund (Item 6110-196-0890) from -\$630,409,000 to -\$620,409,000,

and by revising Provision 9 and deleting Provisions 7(c.2.) and Provision 20.

I am deleting \$50,000,000 for CalWORKs Stage 3 child care and setting these funds aside for restoration upon enactment of legislation. This amount reflects a legislative augmentation to the proposed May Revision level of services which unnecessarily grants access to a continuous child care slot for some CalWORKs families who are still within their transitional period of entitlement to child care services. This creates an inequity between working poor families and CalWORKs families.

As I indicated in my May Revision proposal, the Administration's policy for increasing permanent child care capacity is to grant at least equal access, based on state level affordability, to working poor populations who must compete for child care benefits on the basis of lowest income. The remaining Stage 3 amount of \$1,714,000 understates the remaining funding in Stage 3 due to a technical error that inadvertently shifted funds between Stages 2 and 3 during preparation of the budget bill. The correct amount should be \$77,500,000 which will be amended through the technical revision process with the Controller. The remaining amounts are estimated to fully fund permanent slots for the first cohort of CalWORKs families who will exhaust their two year transitional benefit effective January 1, 2000.

While Stage 2 and the child care reserve provide sufficient funds for the estimated numbers of CalWORKs families still covered by the transitional entitlement, I recognize that the estimate is subject to error. I am therefore setting aside this \$50 million for restoration upon enactment of legislation which would schedule it for Stage 2 child care with revised control language in Stage 3 developed by the Department of Finance which includes "grandfathering" into continuous care any families served under the current year appropriation who exhaust transitional benefits during the budget year if the new increment of \$17.5 million budgeted in Stage 3 proves insufficient.

I am also revising Provision 9 as follows to conform to this action:

"9. \$60,000,000 of the funds in Schedule (b)(5.2) are intended to be for families who have been receiving child care services pursuant to Section 8351 or 8353 of the Education Code and who are currently receiving cash assistance or have been off of cash assistance. Alternative payment providers shall continue to replace families receiving child care services through the alternative payment program as set forth in Section 8220.1 of the Education Code until all the federal funds described in this section have been committed to families who have been receiving child care services pursuant to Section 8351 or 8353 of the Education Code and meeting the conditions specified previously. ~~\$67,500,000~~ \$17,500,000 of the funds in Schedule (b)(5.2) of this item are reserved exclusively for child care for former CalWORKs recipients who have left cash aid, but still meet eligibility requirements for receipt of child care services."

I am also deleting the \$10,000,000 federal fund legislative augmentation for initiating a new program of direct state contributions for child care worker compensation. While turnover in the child care profession may create problems for certain communities in filling vacancies in a timely manner, I am not convinced that this approach is warranted. I am concerned with both introducing direct state subsidies into an occupation or profession which is subject to local market forces as well as establishing a costly new state responsibility that will grow rapidly over time. In addition, this augmentation results in an

additional transfer from the TANF surplus which creates additional encroachment on General Fund resources in the future. Proposition 10 provides funding at local discretion to improve early childhood development programs. This source may be an alternative to the extent local commissions believe the problems of staff turnover are of sufficient local priority. In any event, I believe local discretion is preferable to creation of a costly new statewide program.

I am deleting Provision 7(c.2) of this item and revising Provision 4 of subsidiary Item 6110-196-0890 to conform to this action.

Furthermore, I am deleting Provision 20, which specifies, among other activities, an intent that a new family fee schedule for child care be implemented through legislation. Current law already authorizes the Superintendent of Public Instruction to develop and revise the fee schedule. Legislation for this purpose is, therefore, not necessary. As I have indicated previously in both the Governor's Budget Summary and May Revision, reforming the family fee schedule in line with the recent recommendations of two multi-agency task forces is needed to more fairly distribute limited state subsidies and to diminish inappropriate incentives created by the current schedule. While I believe additional legislation is unnecessary, I support the remaining intent statements and encourage the Department of Education to both gather broad-based public input, including input from taxpayers and families on waiting lists, and to work with the Department of Social Services to develop a new schedule and secure the approval of the Secretary of Health and Human Services by April, 2000. It would then be appropriate for the Superintendent to implement the new schedule for the 2000-01 fiscal year.

Item 6110-196-0890--For local assistance, Department of Education. I reduce this item from \$630,409,000 to \$620,409,000 and revise Provision 4.

I am deleting \$10,000,000 from this subsidiary item to conform to my action in Item 6110-196-0001 relative to child care worker compensation.

I am also revising Provision 4 of this item as follows to conform to that action since the additional transfer of funds from TANF is not necessary:

“4. Of the funds appropriated in this item, ~~\$267,300,000~~ \$257,300,000 is from the transfer of funds from the federal Temporary Assistance for Needy Families (TANF) Block Grant administered by the State Department of Social Services to the federal Child Care and Development Block Grants (CCDBG) for Stage 2 child care. This amount may be increased by transfer from the CalWORKs child care reserve pursuant to Items 5180-111-0551 and 5180-112-0551 of this act, except that funds shall not be first transferred to the Child Care Development Block Grant if those transfers result in an increase to the federal quality requirements beyond the level currently budgeted for quality activities.”

Item 6110-250-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$20,000,000 to \$8,239,000, and delete Provision 1 and revise Provision 2:

I am reducing this item by eliminating the funding for the Parent Involvement Program. I am not satisfied that the budget proposal meets my goal of providing teachers the opportunity to visit their students' homes on weekends and evenings to meet with parents or guardians, as well as opening schools on weekends to allow working parents the opportunity to meet with their children's teachers as a means of becoming more involved with their children's education. I will consider legislation to achieve this objective.

The remainder of the funds in this item shall be used for the purpose of providing funds to compensate for the elimination of the transfer of unallocated Educational Revenue Augmentation Funds (ERAF) from Marin County for special education. However, I am reducing that amount by \$5 million, and request legislation to cap the ERAF amount retained by Marin County at \$8,239,000 for one year. This action is necessary to ensure that the State maintains a prudent reserve.

I am deleting Provision 1 and making the following changes to conform to this action:

“6110-250-0001—For local assistance, Department of Education,  
(Proposition 98), for transfer to Section A of the State School Funds,  
~~Parent Involvement Grant Program~~..... 20,000,000 8,239,000

1. ~~—The funds appropriated in this item are available to fund the Parent Involvement Grant Program contingent upon the creation of that program pursuant to legislation enacted during the 1999-2000 Regular Session.~~

2. Of the funds appropriated in this item, not more than ~~\$13,239,000~~ \$8,239,000 may be used for the purpose of providing funds to compensate for the elimination of the remainder of unallocated Education Revenue Augmentation Funds (ERAF) from Marin County for Special Education.”

Item 6110-490--Reappropriation, Department of Education. I revise this item by deleting language that is unnecessarily restrictive.

I am deleting language which would have required that specific portions of the reappropriated funds to the Fiscal Crisis and Management Assistance Team (FCMAT) be used for purposes of implementing the recovery plans at Compton Unified School District and for initiating audits of the San Francisco Unified School District and the Oakland Unified School District. FCMAT should have the flexibility to determine its priorities regarding the projects for which the additional funding will be used. Additionally, the education trailer bill specifically appropriates funds for the Oakland School District audit. However, I request that FCMAT conduct a comprehensive review of the San Francisco Unified School District's financial condition and submit a report to the Superintendent of Public Instruction, the Director of Finance, the Secretary for Education, and the district by October 30, 1999. The review should include an assessment on whether the district is capable of meeting its fiscal obligations for the current and two subsequent fiscal years. This review may begin immediately but shall incorporate data from the closing of the 1998-99 fiscal books.



Subdivision 1 is revised as follows:

“(1) The unencumbered balance as of June 30, 1999, from Schedule (c) of Item 6110-107-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) and the unencumbered balance as of June 30, 1999, from Schedule (c) of Item 6110-107-0001 of Section 2.00 of the Budget Act of 1997 (Ch. 282, Stats. 1997) to augment Schedule (b) of Item 6110-107-0001 of Section 2.00 of this act, for allocation by the Controller directly to the county office of education that is selected pursuant to subdivision (a) of Section 42127.8 of the Education Code to oversee Fiscal Crisis and Management Assistance Team (FCMAT) responsibilities with respect to these funds and to meet the costs of participation under Section 42127.8 of the Education Code. ~~The funds shall be provided to the County Office Fiscal Crisis and Management Assistance Team for the following purposes:~~

- ~~1. \$100,610 shall be provided for the purpose of implementing the recovery plans at Compton Unified School District pursuant to Chapter 767 of the Statutes of 1997.~~
- ~~2. \$66,000 shall be provided for the purposes of initiating an audit of the Oakland Unified School District.~~
- ~~3. \$66,000 shall be provided for the purpose of initiating an audit of the San Francisco Unified School District.”~~

Item 6120-140-0001--For local assistance, California State Library. I am reducing this item from \$937,000 to \$400,000

I am reducing \$537,000 of the \$937,000 legislative augmentation for local library projects. While these projects are all meritorious, I am reducing the funding so that I can ensure the State maintains a prudent reserve.

I am revising Provision 1 to conform to this action.

“1. Funds appropriated in this item are for the purpose of funding local assistance projects at local public libraries. These funds are to be allocated on a one-time basis only.

~~(a) Of the funds appropriated in this item, \$150,000 is for the purpose of funding computers and materials at Ventura City Library.~~

~~(b) Of the funds appropriated in this item, \$48,000 is for the purpose of funding the Foster Library Homework Center at Ventura City Library.~~

~~(c) Of the funds appropriated in this item, \$167,000 is for the purpose of funding a multimedia youth center at Anaheim Public Library.~~

(d) Of the funds appropriated in this item, \$120,000 is for the purpose of funding homework materials at nine branch libraries of the San Diego County Library.

(e) Of the funds appropriated in this item, \$140,000 is for the purpose of funding a library bookmobile at the Humboldt County Library.

(f) Of the funds appropriated in this item, \$140,000 is for the purpose of funding improvements and renovation at McFadden Library.

~~(g) Of the funds appropriated in this item, \$160,000 is for the purpose of funding renovation at Foresthill Library.~~

~~(h) Of the funds appropriated in this item, \$12,000 is for the purpose of funding the Palmdale City Library."~~

Item 6120-221-0001--For local assistance, California State Library. I reduce this item from \$58,870,000 to \$56,870,000

I am reducing \$2,000,000 of the \$20,000,000 augmentation provided for the Public Library Foundation. I am very supportive of additional funding for local public libraries and see them as a key component to increasing literacy. With this augmentation, I am increasing the program by more than 45 percent. This amount, coupled with last year's augmentation, increases funding for public libraries by almost 150 percent over the two year period.

Item 6360-001-0407--For support of the Commission on Teacher Credentialing. I reduce this item from \$15,091,000 to \$14,582,000 by reducing:

- (a) 10-Standards for Preparation and Licensing of Teachers from \$15,091,000 to \$14,582,000;
- (b) 10.40.010-Departmental Administration from (\$4,766,000) to (\$4,257,000);
- (c) 10.40.020-Distributed Departmental Administration from (-\$4,766,000) to (-\$4,257,000); and by deleting Provision 5.

I am deleting the \$509,000 augmentation to fund two new information technology projects. The feasibility study reports for these two projects have been disapproved by the Department of Information Technology pending Year 2000 remediation efforts. In my Executive Order D-3-99, I have indicated that Year 2000 remediation is the State's highest priority for information technology for the upcoming year, and have directed the Department of Information Technology to develop and coordinate a comprehensive State solution. Consequently, all new non-Year 2000 computer projects not required by law are being deferred. Therefore, it would be premature to provide funding at this time.

I am deleting Provision 5 to conform to this action.

Item 6420-001-0001--For support of California Postsecondary Education Commission. I reduce this item from \$3,397,000 to \$2,973,000 by reducing:

- (a) 100000-Personal Services from \$2,846,000 to \$2,629,000, and
- (b) 300000-Operating Expenses and Equipment from \$850,000 to \$683,000.

I am deleting the \$424,000 legislative augmentation to expand the scope of the Commission's higher education database to support studies of student progression and outcomes of higher education. It is

premature to expand this database because the Commission has not submitted a proposal to the Department of Information Technology or Finance to determine the specific business need to be addressed and whether the proposed information technology project provides a viable solution. In addition, there are unresolved issues dealing with privacy laws and the use of social security numbers to track students. The reduction to Operating Expenses and Equipment is offset by a \$40,000 increase that was necessary due to a technical error which occurred during budget bill preparation that inadvertently understated the Operating Expenses and Equipment schedule by \$40,000.

Item 6440-001-0001--For support of University of California. I reduce this item from \$2,548,853,000 to \$2,541,403,000 by reducing:

(a) Support from \$2,426,853,000 to \$2,419,403,000,

and revising Provision 10 and deleting Provision 20.

I am sustaining the \$25,000,000 augmentation for deferred maintenance (\$7.1 million), instructional equipment (\$7.1 million), educational technology (\$7.1 million), and library materials (\$3.7 million). Future funding for these purposes will be agreed upon with the University of California as part of the partnership agreement currently being negotiated. I expect the partnership agreement to encompass funding stability, negotiated goals, measurable performance objectives, and accountability.

I am deleting the \$5,300,000 legislative augmentation to backfill a reduction in summer term fees, which is intended as an interim step in moving to year-round operations. I will be directing the Department of Finance to conduct a study on the feasibility and costs of year-round operations at the University of California and California State University. The study will include an analysis of the costs and benefits of fully utilizing existing facilities on a year-round basis. A reduction in summer fees prior to establishing year-round operations would not result in additional enrollment or course offerings, but would simply increase General Fund costs.

I am reducing the \$2,000,000 legislative augmentation for professional school outreach by \$500,000 to \$1,500,000. This \$1.5 million augmentation represents a 300 percent increase in funding for professional school outreach, bringing the total to \$2,000,000, including the current base funding for this program. I am revising Provision 10 to reflect an allocation of \$1,125,000, instead of \$1,500,000, for medical school outreach and engineering and science doctoral program outreach. Due to a technical error during preparation of the budget bill, Provision 10 of this item reflects a \$500,000 allocation for law school outreach, instead of reflecting \$1 million. As reflected below, I am reducing this allocation from \$1 million to \$750,000. I am revising Provision 10 to conform to the above actions.

“10. Of the amount appropriated in schedule (a), ~~\$40,500,000~~ \$40,000,000 is provided for outreach to be used to fund new and existing programs that are aimed at improving the chances for pupils from a wide diversity of backgrounds to become eligible for the University of California, as follows:

- (a) The following amounts are for pupil academic development and school partnership programs and shall be matched on a one-to-one basis by the participating schools:
  - (1) \$15,000,000 is to expand pupil academic development programs, including MESA, Puente, and the Early Academic Outreach Program, so that these programs may increase the number of pupils who participate in the programs and may offer services such as college admissions test preparation programs, fee waivers for Advance Placement tests, and an increased number of field trips for high school and middle school participants to visit college campuses.
  - (2) \$15,000,000 is provided for the expansion of K–12 school partnership programs to systemically reform partner schools in order to achieve long-term improvements in student success.  
\$1,000,000 is provided to expand both pupil academic development programs and K-12 partnership programs in the central valley.
- (b) \$3,500,000 is provided for expansion of services to community college students to promote transfer.
- (c) \$1,000,000 is provided for informational outreach to pupils, families, and K–12 teachers and counselors.
- (d) \$1,000,000 is provided for charter schools.
- (e) \$500,000 is provided for outreach by professional schools to be matched on a one-to-one basis by those professional schools.
- (f) ~~\$2,000,000~~ \$1,500,000 is provided for systemwide graduate and professional school outreach, to be matched by ~~\$2,000,000~~ \$1,500,000 in university funds. Of these funds, ~~\$1,500,000~~ \$1,125,000 shall be provided for medical school outreach, ~~\$1,500,000~~ \$1,125,000 for engineering and science doctoral program outreach, and ~~\$500,000~~ \$750,000 for law school outreach.
- (g) \$1,500,000 is provided for long-term evaluation of the effectiveness of outreach programs, including college graduation rates for pupils who participated in the K-12 programs, regardless of the college attended.”

I am sustaining \$1,000,000 of the \$2,000,000 legislative augmentation for liver and kidney transplant research for people with HIV, which will permit the San Francisco campus to examine organ transplants treatment options for individuals with HIV. Because this is a new undertaking, I am reducing this augmentation by \$1,000,000, and asking the University to report to the Administration and the Legislature on the results of this research.

I am deleting the \$600,000 legislative augmentation to provide funding for the New Teacher Center at the Santa Cruz campus. This Center should be funded through the University’s budget for teacher preparation programs. Alternatively, the Center could charge fees for its services.

I am deleting the \$50,000 legislative augmentation for student voter registration information. While voter registration is an important activity, it does not appear necessary to provide funding for an activity that could be easily undertaken by campus groups or other civic groups.

I am sustaining the \$4 million legislative augmentation to implement advanced placement on-line courses. I am requesting the University to provide an ongoing evaluation of the program's effectiveness.

I am sustaining the \$2,000,000 legislative augmentation for AIDS programs. I am deleting Provision 20 which provides that these funds be used for core infrastructure support for interdisciplinary coordination of AIDS research at University of California medical schools, and provides how funds are to be allocated among campuses. Instead, consistent with the its constitutional autonomy, I am requesting the University of California to appropriately allocate these funds specifically for AIDS research.

Although the Legislature deleted funding for the support of the Internet 2 project, I would support legislation appropriating \$1 million for this effort.

Item 6440-001-0234--For support of University of California. I reduce this item from \$38,726,000 to \$36,726,000.

I am reducing the \$9,000,000 legislative augmentation for tobacco use research by \$2,000,000 to conform to my action in Items 4260-001-0001 and 4260-001-0231.

Item 6440-301-0574--For capital outlay, University of California. I reduce this item from \$9,494,000 to \$6,494,000 by deleting:

San Francisco Campus:

(2.2) 99.02.120-Mission Bay Research Building-Preliminary Plans (\$3,000,000).

I am deleting the legislative augmentation of \$3,000,000 for preliminary plans for the San Francisco Mission Bay Research Building project because it is more appropriately funded from revenue bonds. I am concerned about the use of higher education bond funds for a facility that is not instructionally based, because I believe that those limited bond resources should be utilized first for instructional and instructional support facilities. Because I am supportive of this proposal, however, I am sustaining the authorization provided in Item 6440-401 which will allow the University to construct the research facility at the Mission Bay site using "Garamendi" bonds, and I will propose the adoption of a resolution by the Regents authorizing that approach.

Item 6610-001-0001--For support of California State University. I reduce this item from \$2,221,286,000 to \$2,190,847,000 by reducing:

(a) Support from 2,977,761,000 to \$2,947,422,000

and by revising Provision 10.

I am sustaining the \$8,000,000 legislative augmentation to accelerate the development of California State University's (CSU) integrated technology strategy. This augments the \$2,000,000 currently allocated to this project. I am also sustaining the \$8,000,000 legislative augmentation for deferred

maintenance. Future funding for these purposes will be agreed upon with the California State University as part of the partnership agreement currently being negotiated. I expect the partnership to encompass funding stability, negotiated goals, measurable performance objectives, and accountability.

I am deleting the \$10,400,000 legislative augmentation to provide an average of four percent increase in employee compensation to all employees. This augmentation is unnecessary as the May Revision provided sufficient funds for the proposed increase.

I am deleting \$9,559,000 in legislative augmentations to provide employee compensation increases above the four percent increase for all employees. The augmentations would provide additional compensation for skilled tradesworkers (\$889,000), employees represented by the Statewide University Police Association (\$270,000), and for employees represented by the California State Employees Association (\$8,400,000) to fund additional raises of between 2 and 2.35 percent. Setting aside funds for salary increases for specific classifications would set an undesirable precedent. Specific increases should be negotiated with each bargaining unit, and I encourage the Trustees to continue collective bargaining negotiations with these employee groups.

I am deleting the \$7,500,000 legislative augmentation to supplement high cost academic programs. Funding for the California State University's programs is based on a marginal cost formula that provides for an average student to faculty ratio of 18.9 to 1. While some programs may have lower student to faculty ratios, the University has the ability to offset these costs against programs that have higher student to faculty ratios. Since the University is able to make adjustments to account for the differential costs of various programs, it would be inappropriate to provide supplemental funding above the marginal-cost formula.

I am reducing the \$2,000,000 legislative augmentation for the California Academic Partnership Program which supports California State University's participation in partnerships with K-12 schools and community colleges by \$1 million. The remaining augmentation will double the existing program. Additionally, \$15 million is provided to California State University for other outreach programs, which represents a 250 percent increase over the prior year.

I am revising Provision 10 of Schedule (a) to conform to this action and to correctly reference that a total of \$15,000,000 is being provided for outreach. Due to a technical error during the preparation of the budget bill, the total outreach funds referenced in Provision 10 were understated by \$12 million. I am revising Provision 10 as follows:

- “10. Of the funds appropriated in Schedule (a), ~~\$4,000,000~~ \$15,000,000 is provided for outreach to be used to fund new and existing programs that are aimed at improving the chances for K-12 pupils from a wide diversity of backgrounds to become eligible and prepared for the California State University. Of this total, \$5,000,000 is provided for faculty-to-faculty alliance with high school teachers of English and mathematics, \$4,000,000 is provided for learning assistance programs in high schools, and \$2,000,000 is provided for the Precollegiate Academic Development Program at the California State University, \$2,000,000 is for the California State

University Educational Opportunity Program (Art. 6 (commencing with Sec. 89521), Ch. 2, Pt. 55, Ed. C.), and ~~\$3,000,000~~ \$2,000,000 is for the California Academic Partnership Program (Ch. 11 (commencing with Sec. 11000), Pt. 7, Ed. C.).”

I am deleting the \$1,300,000 legislative augmentation to backfill a shortfall in lease revenues at the Stockton Off-Campus Center. I am setting these funds aside for legislation to provide a loan as an interim measure until the redevelopment agency includes the Center within its redevelopment zone, and California State University is able to increase the number of tenants and lease revenue.

I am deleting the \$380,000 augmentation for the Coachella Valley Off-Campus Center. Routine workload adjustments for internally adopted standards should be funded from within California State University’s base funding.

I am deleting the \$100,000 legislative augmentation for student voter registration information. While voter registration is an important activity, it does not appear necessary to provide funding for an activity that could be easily undertaken by campus groups or other civic groups.

I am deleting the \$200,000 for new engineering equipment at the Pomona campus. Although the augmentation for this equipment may be meritorious, equipment purchases for standard University use should be funded from CSU's base funding.

I am also revising Schedule (a) of this item to correct a \$100,000 understatement due to a technical error in the Budget Bill.

I am sustaining the \$360,000 legislative augmentation to fund the Royball Institute for Applied Gerontology. However, this is a one-time augmentation, and the University needs to address the need for a reliable funding source for this program.

Item 6610-002-0001--For support of California State University. I reduce this item from \$2,454,000 to \$2,314,000 by reducing:

(f) Judicial Fellows from \$341,000 to \$201,000

I am deleting the \$140,000 legislative augmentation to add five additional judicial fellows. This program currently supports five judicial fellows and there is no compelling need to expand the program at this time.

Item 6870-001-0001--For support of Board of Governors of the California Community Colleges. I reduce this item from \$11,140,000 to \$11,006,000 by reducing:

(b) 20-Special Services and Operations from \$17,332,000 to \$17,198,000.

I am reducing the legislative augmentation of \$184,000 for the Student Senate by \$134,000 including the two new permanent full time positions. I am willing to sustain \$50,000 which will double the current budget for support of student representatives in the consultation process. Noting that the other higher education segments support similar activities from voluntary student assessments, the Student Senate may wish to promote this concept at their campuses if additional support for this function is desired.

Item 6870-101-0001--For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$2,259,249,000 to \$2,236,714,000 by reducing:

- (e) 20.10.005-Student Financial Aid Administration from \$6,518,000 to \$6,416,000
- (f) 20.10.010-Extended Opportunity Programs and Services and Special Services from \$76,577,000 to \$70,077,000
- (h) 20.10.040-Fund for Student Success from \$18,578,000 to \$15,218,000
- (j) 20.10.060-Foster Care Education Program from \$1,892,000 to \$1,866,000
- (n) 20.20.020-Academic Senate for the Community Colleges from \$504,000 to \$497,000
- (o) 20.20.040-Faculty and Staff Diversity from \$1,885,000 to \$1,859,000
- (p) 20.20.050-Part-Time Faculty Health Insurance from \$1,000,000 to \$500,000
- (r) 20.30.010-Faculty and Staff Development from \$5,307,000 to \$5,233,000
- (s) 20.30.011-Telecommunications and Technology Infrastructure from \$28,220,000 to \$28,000,000
- (y) 20.40.035-Instructional Equipment and Library Materials Replacement from \$44,620,000 to \$44,000,000.

by deleting

- (dx) 10.10.055-Full-Time Faculty (\$10,600,000)
- (zz) 20.40.047.002-College of the Desert (\$500,000)

and by revising Provisions 8, 10, and 18

I am deleting the legislative augmentation of \$10,600,000 in schedule (dx) for converting part-time faculty positions to full-time. While I am supportive of growth in full-time faculty, the community college system is utilizing part-time faculty in numbers consistent with the national average. Moreover, substantial growth in full-time hires is already taking place at district discretion through general purpose growth funding increases and augmentations for the Partnership for Excellence, both of which are substantially increased in this budget and which require accountability for increased student outcomes, consistent with my overall policy for the higher education segments.

I am supportive of improved working conditions for part-time faculty; therefore, I am deleting and setting aside the \$500,000 legislative augmentation in schedule (p) for the Part-Time Faculty Health Benefits program for legislation designed to improve utilization of the state health benefit incentive, targeted at those part-time faculty members who do not have access to health coverage through another



existing employer or their spouse's employer. I am also sustaining the \$500,000 augmentation for the Part-Time Office Hours program to expand teacher-student interaction at community college campuses.

I am reducing the \$2,000,000 legislative augmentation for the Cooperative Agencies Resources for Education (CARE) program in schedule (f) by \$1,500,000 because, while this program is meritorious to the target population, the magnitude of this increase is inconsistent with the growth rate in the target population eligible for these services.

I am revising Provision 8 to conform to this action in context of other actions to schedule (f) described below.

I am deleting the \$500,000 legislative augmentation for the Desert Community College District in schedule (zz). Although this additional augmentation may be meritorious, I am deleting the funding in this item to ensure the State maintains a prudent reserve.

I am deleting legislative augmentations totaling \$8,360,000 in schedules (f) and (h) for Extended Opportunity Programs and Services (\$5,000,000) and the Puente Program (\$3,360,000), respectively. Partnership for Excellence funding has already been augmented by \$45 million in this budget, which provides resources for all districts to initiate and expand these successful categorical programs or any others which increase student outcomes at their discretion.

I am revising Provisions 8 and 10 as follows to conform with these actions:

- “8. Of the funds appropriated in Schedule (f), ~~\$64,720,000~~ \$59,720,000 is for Extended Opportunity Programs and Services in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of the Education Code; ~~\$11,857,000~~ \$10,357,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of the Education Code. The board of governors shall allocate funds on a priority basis and to local programs on the basis of need for student services.”
- “10. The funds in Schedule (h), with the exception of the funds identified in subdivisions (c) and (d) of this provision, shall be used for competitive grants to increase student success based on an analysis of student outcomes. The funds used for these grants shall be available for a limited duration, after which colleges shall institutionalize the programs within their budgets. The chancellor shall develop criteria for allocation of the competitive grants. Of the funds appropriated in Schedule (h):
- (a) \$1,000,000 shall be available for small planning grants of up to one year duration.
  - (b) \$8,985,000 shall be available for the initial year of two or three year projects where the state share shall be no greater than 75% of the costs of the first year and no more than 25% in the last.
  - (c) Up to ~~\$4,304,000~~ \$944,000 is for the Puente Project if these funds are matched by \$100,000 of private funds and the participating community colleges and University of

California campuses maintain their 1995-96 support level for the Puente Project. These funds are not required to be allocated on a temporary basis and may be allocated on a permanent basis to support a Puente Project that meets the conditions of the Puente Project contract agreement.

- (d) Up to-\$2,489,000 is for the Mathematics, Engineering and Science Achievement/Minority Engineering (MESA/MEP) Programs. These funds are not required to be allocated on a temporary basis and maybe allocated on a permanent basis provided the conditions for receipt of funds continue to be met. For each dollar allocated, the recipient district shall provide one dollar in matching funds.
- (e) No less than \$1.8 million is reserved for expansion of middle colleges pursuant to the Governor's initiative. Of the funds provided herein, the chancellor shall have the discretion to extend the grant period beyond the normal pattern for the Fund for Student Success as necessary to meet the goals of the initiative.
- (f) With the exception of special part-time students at the community colleges pursuant to Section 48802 of the Education Code, student workload based on participation in the Middle College High School Program shall not be eligible for community college state apportionment. As a condition of receipt of funds pursuant to Provision 15 (a) and (b), colleges must submit to the chancellor's office a yearly report including: an expenditure plan, a progress report detailing number of students served, and the ability of the college to increase student success based on an analysis of student outcomes. It is the intent that the chancellor's office submit an annual report to the Legislature and Department of Finance by November 1, of each year. The report shall include an analysis of the programs funded at each campus, including the effects on student outcomes. The chancellor shall also identify any colleges which did not continue operation of the program after state funds have ceased and the reasons therefore.”

I am reducing the \$1,075,000 legislative augmentation for seven specialized categorical programs in schedules (j),(r),(n),(o),(e),(s) and (y) for cost-of-living (COLA) increases. These programs are not primarily salary nor student-growth driven and, as such, do not present a compelling case for COLA adjustments.

I am revising Provision 18 to conform to this action as follows:

- “18. (a) \$15,600,000 of the funds provided in Schedule (s) shall be for the purpose of providing allocations to all districts. It is the intent that colleges receiving these funds shall maintain all of the capabilities specified in the 1996-97, 1997-98 and 1998-99 Budget Acts for the Telecommunications and Technology Infrastructure program. The funds appropriated in this item shall be allocated by the chancellor, shall not supplant existing funds used for technology and networking purposes, and shall be subject to established fiscal controls, annual reporting and accountability requirements specified by the chancellor. It is the intent that this allocation shall enable further development of networks. Therefore, colleges shall match maintenance and ongoing costs with other funds, after installation, for the following required purposes: (1) maintenance of communication lines, software and other costs associated with connecting to the

collaborative California State University/California Community College telecommunications wide area network (C Net); (2) video conference connectivity, transport, maintenance, and training; (3) local planning and development for improving library technology including library automation, connections to college local area networks and connections to external data bases; (4) digital satellite systems and the following optional purposes: (A) the development and expansion of local area networks both within and between buildings: (B) development of district-wide area networks for interconnecting multiple campuses and off-campus centers within a district; and (C) implementation of local technology applications that are intended to improve student learning and other services.

The chancellor shall allocate the ~~\$15,820,000~~ \$15,600,000 by providing ~~\$140,701~~ \$138,645 for each of the 107 colleges and \$45,000 for each of the 17 governing sites that are not colocated (sic) with the colleges. All provisions related to technology standards and telecommunication plans as specified in Provision 17(a) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) and Provision 14(a) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1997 (Ch. 282, Stats. 1997), shall apply.

(b) \$6,400,000 of the funds provided in Schedule (s) of this item shall be for the purpose of supporting technical and application innovations and for coordination of activities that serve to maximize the utility of the technology investments of the community college system toward improving learning outcomes. Allocations shall be made by the chancellor, based on criteria and guidelines as developed by the chancellor, on a competitive basis through the RFA/RFP application process as follows:

- (1) At least \$700,000 shall be available for technical and application pilot projects that improve intercollege relationships in the areas of: (a) learning and instructional services; (b) student services; and (c) administrative services, however not more than 25 percent of the amount shall be allocated for this purpose.
- (2) All provisions as specified in Provision 17(b)(2) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) shall apply to Provision (1) above.

Not more than \$3,700,000 shall be available for centers to provide regional coordination for technical assistance and planning, cooperative purchase agreements, and faculty and staff development. All other provisions as specified in Provision 17(b)(3) of Item 6870-101-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996) shall apply. The \$1.5 million increase from the previous year for this subdivision is intended to fund the segment's share of upgrading the 4C Net backbone from an OC-3 to an OC-12 Network and shall be matched dollar for dollar by the CSU. If this condition is not met, the chancellor shall report the reasons the expenditure should still be made on any other use of the funds using the reporting provisions of the Section 28.00 process.

- (4) \$2,000,000, or as much as necessary, shall be available for a statewide digital uplink for the purpose of delivering statewide satellite services to system colleges and districts related to instruction, student support, and administration.

- (c) \$6,000,000 of the funds provided in Schedule (s), shall be for allocations to community college districts to fund faculty and staff training in the use of technology to assist learning (including distance education and online courses), expand access, and contribute to student success. The chancellor shall develop an allocation formula that reflects the number of faculty and provides a minimum grant for small sites. The disbursement of funds shall be contingent upon inclusion of a satisfactory staff development component by each district within its telecommunications and technology use plan, as specified by the chancellor. Districts may not use these funds to supplant existing training and staff development efforts related to technology; the chancellor shall ensure that these funds are used for additional training and development in the use of technology. The use of technology training allocations shall be included in reports required for this program.
- (d) The chancellor shall submit an annual report to the Legislative Analyst, the budget and fiscal committees of the Legislature, and the Department of Finance no later than November 1, 1999, identifying any changes to the standards developed pursuant to the control provisions for this program in the Budget Act of 1997 (Ch. 282, Stats. 1997), the status of the implementation of the telecommunication and technology infrastructure program to date and any additional needs, including the reasons therefore.”

Item 7980-001-0001--For support of Student Aid Commission. I reduce this item from \$9,256,000 to \$8,006,000 by reducing:

- (a) 15-Financial Aid Grants Program from \$9,302,000 to \$8,052,000,

and deleting Provision 1.

I am deleting the \$250,000 legislative augmentation to fund the Commission’s costs of adjusting its systems to provide Cal Grants for summer programs. I will be directing the Department of Finance to conduct a study on the feasibility and costs of year-round operations at the University of California and California State University. The study will include an analysis of the costs and benefits of fully utilizing existing facilities on a year-round basis. It would be premature to expand financial aid for year-round operations prior to completing this study. I am deleting Provision 1 to conform to this action.

I am deleting the \$1,000,000 legislative augmentation to expand the College Making It Happen outreach program. This program is administered by the Intersegmental Coordinating Committee (ICC) of the California Education Roundtable. ICC activities are currently funded by its members, which include the Association of Independent Colleges and Universities, the California Community Colleges, the California Department of Education, the California Postsecondary Education Commission, the California State University, and the University of California. I encourage members to continue funding ICC activities, such as College Making It Happen, and to raise additional private funds to expand ICC activities.

Item 7980-101-0001--For local assistance, Student Aid Commission. I reduce this item from \$384,429,000 to \$379,429,000 by reducing:

(a) 15-Financial Aid Grants Program from \$393,656,000 to \$388,656,000,

and by deleting Provision 6.

I am deleting the \$5,000,000 legislative augmentation for additional Cal Grant T awards beginning in 1999-00. This program provides Cal Grants to individuals enrolled in teacher preparation programs. As an alternative, my Budget proposed, and the higher education trailer bill includes, authorization for an additional 1,000 awards under the Assumption Program of Loans for Education (APLE). APLE provides loan forgiveness for each year of teaching service in a recognized shortage area, up to a maximum of \$11,000 for four years of teaching service. This provides a stronger incentive for individuals receiving financial aid to provide the required teaching service. I am deleting Provision 6 to conform to this action.

Item 8100-101-0001--For local assistance, Office of Criminal Justice Planning. I reduce this item from \$75,661,000 to \$71,581,000 by reducing:

(vx) 50.30.700-Special Projects-Public Safety from \$6,218,000 to \$2,138,000

and I am deleting Provisions 3 and 4.

I am reducing this item by \$300,000 by deleting the augmentation to purchase a mobile emergency center for the City of Palmdale because providing equipment for law enforcement is primarily a local responsibility. In addition, the budget includes \$30 million in order to address one-time local law enforcement equipment needs through competitive grants.

I am reducing this item by \$1,265,000 by deleting the following legislative augmentations because these funds are proposed to fund ongoing programs that are local responsibilities and should be provided on a priority basis from local funds:

\$500,000 for the Orange County Multi-Agency Task Force.

\$500,000 for Ventura County Violence Prevention.

\$150,000 for the Elk Grove Gang Prevention Program.

\$115,000 for City of Oceanside "Gangbusters."

I am further reducing this item by \$2,515,000 by deleting the following legislative augmentations.

Although these programs may be meritorious, I am deleting the funding for them because these funds are proposed to fund programs that are local responsibilities and should be provided on a priority basis from local funds:

\$1,850,000 for MUNI Cameras.

\$500,000 for Antelope Valley Gang Prevention.

\$100,000 for Antelope Valley Courthouse Security.  
\$50,000 for Anaheim Laboratory Design.  
\$15,000 for City of Danville Public Safety Equipment.

I am also deleting Provisions 3 and 4. Provision 3 would define “violence prevention” and “violence prevention programs” for the purposes of programs operated by the Office of Criminal Justice Planning. Provision 4 would require the Office of Criminal Justice Planning to evaluate its violence prevention programs. These provisions are unnecessarily restrictive and confusing, and would infringe upon the ability of the Executive Branch to properly prioritize and address its responsibilities.

Item 8260-103-0001--For local assistance, California Arts Council. I reduce this item from \$35,347,000 to \$26,187,000 by deleting or reducing allocations for various projects in this item.

Although these projects may be meritorious, I am reducing or deleting the funding for them to ensure that the State maintains a prudent reserve. I am deleting funding for the Children's Museum of La Habra Edwards Air Force Base Flight Test Museum, the Fender Museum and Education Center, the Historical Air Museum, the Los Angeles Children's Museum, the Miner's Foundry Cultural Center, the Northern Los Angeles County Historic Agricultural Museum, the Palmdale Historic Airpark and the Port San Luis Marine Institute. I am also reducing the appropriation for the Los Angeles Civic Center by \$5,000,000 from \$10,000,000 to \$5,000,000.

I am revising Provision 1 to conform to this action.

“1. Of the funds appropriated in this item, the following allocations shall be made to museums and cultural institutions: \$464,000 for the Armenian Film Foundation; \$250,000 for Arte Americas; \$1,600,000 for the Asian Art Museum; \$162,000 for the Bonita Historical Museum; \$500,000 for the Brava Theater Youth Outreach; ~~\$410,000 for the Children's Museum of La Habra;~~ \$1,000,000 for the Chinese-American Museum and Italian Hall; ~~\$100,000 for the Edwards Air Force Base Flight Test Museum;~~ \$750,000 for the El Pueblo de Los Angeles Historic Monument; ~~-\$200,000 for the Fender Museum and Education Center;~~ \$34,000 for the Harry Sweet Film Archives; \$40,000 for the historic transportation system in Old Sacramento; ~~-\$500,000 for the Historical Air Museum;~~ \$1,000,000 for the Hollywood Entertainment Museum; \$1,000,000 for the Japanese-American National Museum; \$800,000 for the Latino Museum of History, Art and Culture; ~~\$2,000,000 for the Los Angeles Children's Museum;~~ ~~\$10,000,000~~ \$5,000,000 for the Los Angeles Civic Center; \$250,000 for the Mexican-American Heritage Museum; \$1,250,000 for the Mid-Peninsula Jewish Community Center; ~~\$200,000 for the Miner's Foundry Cultural Center;~~ \$250,000 for the Model Railroad Museum at Balboa Park; \$540,000 for the Museum of Latin American Art; \$1,500,000 for the Natural History Museum of Los Angeles County; ~~\$200,000 for the Northern Los Angeles County Historic Agricultural Museum;~~ \$1,000,000 for the Orange County Marine Institute; ~~\$50,000 for the Palmdale Heritage Airpark;~~ ~~\$350,000 for the Port San Luis Marine Institute;~~ \$145,000 for the Randall Museum; \$72,000 for the Redding Old City Hall Arts Center; \$200,000 for the San Bernardino County traveling museum exhibit; \$500,000 for the San

Diego Maritime Museum; \$2,000,000 for the San Francisco Jewish Museum; \$1,000,000 for the San Francisco Mexican Museum; \$45,000 for the San Francisco Philharmonic; \$35,000 for the Santa Clarita Historical Steam Engine; \$200,000 for the Santa Maria Children's Museum; \$2,000,000 for the Simon Weisenthal Center Museum of Tolerance; \$2,000,000 for the Skirball Museum; and \$400,000 for the Zimmer Museum.

I am also reducing the amount specified in Provision 5 for administrative costs of the Arts Council from \$350,000 to \$200,000 to reflect the fact that I am reducing from funding for these projects.

I am revising Provision 5 to conform to this action.

“5. Of the funds appropriated by this item, ~~\$350,000~~ \$200,000 shall be used by the California Arts Council to defray it for support and related expenses for performing its responsibilities under this item. The council may enter into an interagency agreement to obtain personnel services relating to the review and approval of capital outlay expenditure plans.”

Item 8350-001-0001--For support of Department of Industrial Relations. I reduce this item from \$141,265,000 to \$140,765,000 by reducing:

- (5) 36-Commission on Health and Safety and Workers' Compensation, from \$1,169,000 to \$981,000,
- (8) 60-Promotion, Development, and Administration of Apprenticeship and other On-the-Job Training, from \$4,983,000 to \$4,483,000,
- (19) Amount payable from the Workplace Health and Safety Revolving Fund (Item 8350-001-0222), from -\$1,169,000 to -\$981,000.

I am reducing the \$1,000,000 legislative augmentation and 15 positions for the Division of Apprenticeship Standards by \$500,000 and 7.5 positions. With this action I am approving additional resources to oversee the operation of apprenticeship programs in the state and ensure these programs are in compliance with the rules and regulations established by the California Apprenticeship Council.

I am revising this item to conform to the action taken in Item 8350-001-0222.

Item 8350-001-0222--For support of Department of Industrial Relations. I reduce this item from \$1,169,000 to \$981,000.

I am deleting the \$188,000 legislative augmentation and three positions for the Commission on Health, Safety, and Workers' Compensation. The need for this augmentation has not been demonstrated.

Item 8570-101-0001--For local assistance, Department of Food and Agriculture. I reduce this item from \$14,015,000 to \$10,515,000 by reducing:

- (a) 11-Agricultural Plant and Animal, Pest and Disease Prevention from \$14,015,000 to \$10,515,000.

I am reducing the \$4,000,000 legislative augmentation to the County High Risk Pest Exclusion Program to \$500,000. The Budget I submitted in January provided for a continuation of the \$5 million legislative augmentation which had been included in the 1998 Budget Act. I believe that the additional \$5.5 million, coupled with the apportionment to counties of approximately \$17 million annually in unclaimed refundable gas tax revenues, which is designated for this and other county agricultural programs, provides an adequate level of state support for county pest exclusion activities.

Item 8570-103-0001--For local assistance, Department of Food and Agriculture. I delete this item.

This augmentation would provide a portion of the costs of building a horse arena at the Antelope Valley Polo Grounds, which is planned for construction in the City of Lancaster. Although this project may be meritorious, I am deleting the funding for it to ensure that the State maintains a prudent reserve and because it is primarily a local project that should be funded from local resources.

Item 8955-102-0001--For local assistance, Department of Veterans Affairs. I am reducing this item from \$295,000 to \$135,000 by deleting:

- (c) Foresthill Veterans Hall (\$160,000)

I am deleting the \$160,000 Legislative augmentation for renovation of the veterans hall in Foresthill. Although this augmentation may be meritorious, it is a local project that should be funded from local resources.

Item 9210-115-0001--For local assistance, Local Government Financing. I reduce this item from \$4,266,000 to \$3,766,000 by reducing:

- (2) City of Pacifica: Police Facility from \$1,000,000 to \$500,000.

I am reducing the \$1,000,000 legislative augmentation for the City of Pacifica to construct a police facility by \$500,000 because the funding for this project should include a matching local obligation. Police services are fundamentally a local responsibility. Thus, I am sustaining \$500,000 of this augmentation on the assumption that the City of Pacifica will fulfill its local government responsibility by providing for the remainder of the funds needed to complete the project.

Item 9210-116-0001--For local assistance, Local Government Financing. I reduce this item from \$600,000 to \$200,000 by deleting:

- (1) Burbank-Glendale-Pasadena Airport Flight Path: Residential Acoustic Treatment Program (\$400,000).



I am deleting this \$400,000 legislative augmentation for Burbank-Glendale-Pasadena Airport Flight Path Residential Acoustic Treatment Program because this is a local federal matching issue that should be locally funded based on local priorities. Furthermore, this project has not been reviewed and evaluated in the context of competing needs for limited state resources.

Item 9210-117-0001--For local assistance, Local Government Financing, Local Services. I delete this item.

I am deleting the \$120,000 legislative augmentation for the County of Imperial to fund the purchase of two ambulances and the \$500,000 legislative augmentation for the County of Ventura to assist in the construction of two job training centers. I am deleting this item and its two legislative augmentations totaling \$620,000 because these are local issues that should be locally funded based on local priorities.

SEC. 4.40--Federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). I delete this control section.

This language would prohibit use of funds in the budget to implement restrictions on eligibility of aliens for state and local benefit programs contained in the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. I am striking this language because it is inconsistent with federal law. Appropriate action by state agencies and departments should await the promulgation of relevant federal regulations.

SEC. 5.00--Reporting of Claims, Judgements, and Settlements. Legislative Claims and Settlement Reporting. I delete this control section.

I am deleting Control Section 5.00 because its reporting requirements are overly broad and duplicative.

As introduced, the Budget Bill proposed that state agencies prepare a schedule which includes each claim, judgment, compromise, and settlement, by category and fund for the 1998-99 fiscal year, for which the payment was the lesser of (1) \$400,000 or more, or (2) five percent of the agency's 1998 Budget Act appropriation for the fund from which the payment was made. I am directing state agencies to comply with the reporting requirements that I had originally proposed. This action will result in reports concerning the more significant claims, judgments, compromises, and settlements to assist the Legislature in its oversight responsibilities.

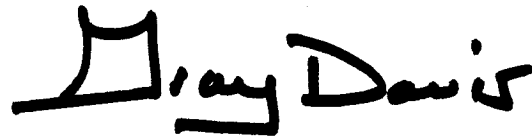
SEC. 11.10--Deferred Information Technology Projects. I delete this control section.

I am deleting this control section because the language as modified by the Legislature is unduly restrictive and interferes with executive branch discretion regarding the implementation and continuation of new information technology projects. It remains my intention to require the completion of detailed departmental assessments of Year 2000 readiness and then, on a case by case basis, determine whether to allow critical new development projects to move forward.

SEC. 24.35--Allowable Uses for Lease Revenues. I delete this control section.

I am deleting Control Section 24.35 because it is unduly restrictive and interferes with executive branch discretion. This section is narrow in scope, recognizing only one of many possible uses for funds administered by the State Allocation Board. It is questionable whether the revenues derived from the lease of portable classrooms would be used at all under the limitations contained in this control section. Therefore, in order to ensure that funds are available in the programs where they are most needed, I must delete this control section.

With the above deletions, revisions and reductions, I hereby approve Senate Bill 160.

A handwritten signature in black ink that reads "Gray Davis". The signature is stylized, with a large, bold "G" and "D".

GRAY DAVIS